

Report to the U.S. Congress on Global Export Credit Competition

June 2022

For the period January 1, 2021 through December 31, 2021

REACHING New Heights





Table of Contents

From the President and Chair	2
EXIM Board of Directors	4
EXIM 2021-2022 Advisory Committee Statement on the EXIM Competitiveness Report	5
EXIM 2021-2022 Advisory Committee Members	12
EXIM 2021-2022 Chair's Council on China Members	13
EXIM 2021-2022 Chair's Council on Climate Members	14
EXIM 2021-2022 Sub-Saharan Africa Advisory Committee Members	15
Executive Summary	16
Introduction	17
Section A: Trends in Official Medium- and Long-term (MLT) Export and Trade-related Activit	y 20
Chapter 1: OECD and non-OECD Official MLT Export and Trade-related Activity in 2021	21
Chapter 2: Ongoing Recovery of the Global Official Export Finance Market	32
Chapter 3: The New Era of Official Export Finance	34
Section B: Exporter and Lender Views	42
Section C: Required Charter Reporting and Further Reading	48
Appendix A: Primer on EXIM and Official MLT Export and Trade-related Finance	49
Appendix B: EXIM Actions to Provide Competitive Financing and to Minimize Competition Government-supported Export Financing	
Appendix C: Purpose of EXIM Transactions	53
Appendix D: Equal Access for U.S. Insurance	54
Appendix E: Tied Aid Credit Program and Fund	55
Appendix F: Co-financing	58
Appendix G: Renewable-Energy Exports/Environmental Policy	60
Appendix H: Services Exports	63
Appendix I: Size of EXIM Program Account	64
Appendix J: Export Finance Cases Not in Compliance with the Arrangement	65
Appendix K: Activities Not Consistent with the WTO Agreement on Subsidies and Countervailing Measures	66
Appendix L: U.SFlag Shipping Requirement	67
Appendix M: Trade Promotion Coordinating Committee	70
Appendix N: List of Known Official Export Credit Providers	71
Glossary	74
Acronyms and Abbreviations	76

From the President and Chair

In accordance with section 8A of the agency Charter, I am pleased to submit to the U.S. Congress the Report on Global Export Credit Competition of the Export-Import Bank of the United States (EXIM) for Calendar Year (CY) 2021.

This year's report marks the 55th edition of EXIM's Competitiveness Report. Now more than ever, the expertise and perspectives in the report's findings and the recommendations put forward by EXIM's Advisory Committee and Subcommittees are essential to understanding the global landscape within which EXIM – and American exporters – operate. They are the keys to charting a new path forward for the agency. I am especially thankful for the dedication of the EXIM staff who compile this report each year. The Competitiveness Report has truly become a valuable resource for Congress and key stakeholders

In many ways, 2021 was a year dedicated to managing headwinds and building new foundations at EXIM. As reported in our fiscal year 2021 Annual Report, EXIM's topline authorizations grew, our support for minority- and women-owned businesses increased by 10 percent, the China and Transformational Exports Program authorized more than \$140 million in its first year of being fully operational, and the agency launched a new global business development unit that will help create stronger outreach and education for exporters, lenders, and buyers around the world. These are all positive indicators that show EXIM is heading in the right direction following the 2019 reauthorization.

Further, there are reasons for optimism and key opportunities outlined in this report. A few takeaways include:

- 1. EXIM medium- and long-term support grew while many export credit agencies' MLT support contracted amidst the COVID-19 pandemic.
- 2. Climate finance remains a top priority at a time when EXIM is ramping up our support for clean energy technology. This year, EXIM will substantially increase our authorizations for exports across clean and renewable energies and environmentally beneficial goods and services.
- 3. Buyers around the world are looking for alternatives to China as the U.S. and like-minded partners bring stronger whole-of-government solutions like the Partnership for Global Infrastructure to the table.
- 4. EXIM's stakeholders put forward several worthy ideas that can help modernize the agency and strengthen the competitiveness of our programs.

However, the Competitiveness Report also shows much more must be done to advance America's export competitiveness in an era of volatility and crowded competition. The fundamental question facing policymakers is on what terms will the global export marketplace be won? On quality, transparency, sustainable partnerships, and democratic values? Or on opaqueness and debt trap diplomacy?

If America and our workers are to win this race, EXIM can and must be a critical tool in answering these questions. America's clean energy technology innovations can drive the global energy transition as countries turn away from energy sources like Russia. Our infrastructure and construction companies can be the core of filling the global infrastructure gap with high quality, sustainable solutions. And our small businesses can provide the goods and services that raise the quality of life around the world.

At the same time, America must also do more to advance our competitiveness among OECD nations. Countries like France, Germany, and the United Kingdom have all taken significant strides towards leveraging export credit and other key tools as part of more focused national industrial strategies. While the U.S. has taken initial steps to fold export credit into strategies to compete with China and reinvigorate domestic manufacturing capacity, America still lags behind several OECD competitors.

To win this competition, we must all work to build a modern, resilient, and competitive U.S. Export-Import Bank.

Since joining the agency in February, I have made modernizing EXIM one of my top priorities. Already, our new leadership team has taken steps to reset EXIM's relationships, recommit the agency to fulfilling our mission, and rebuild EXIM's priorities for a new chapter in a new era. In April, the EXIM Board of Directors unanimously passed the Make More in America Initiative, an exciting tool that opens our existing finance offerings to U.S.-based manufacturing projects with an export nexus. At a time when companies across the country are rethinking and reorienting their supply chains, Make More in America will help onshore jobs in sectors that are critical to our economic and national security.

This new measure is only just the beginning, but building an EXIM that is once again a global leader will require all stakeholders to be part of bipartisan solutions that strengthen competitiveness and efficiency. Our federal government partners, state and local leaders, EXIM customers, and other stakeholders can all help create mutually beneficial partnerships.

In closing, this year's Competitiveness Report outlines both clear challenges and areas where EXIM must improve as well as a roadmap for the kinds of ideas that can help the agency meet this important moment. I look forward to working together on these solutions, and ultimately helping to build a better America.

Sincerely,

Reta Jo Lewis, Esq. President and Chair **EXIM** Board of Directors

EXIM Board of Directors



The Honorable Reta Jo Lewis President and Chair



The Honorable Judith D. Pryor First Vice President and Vice Chair



The Honorable Spencer Bachus III Member of the Board of Directors



The Honorable Gina Raimondo U.S. Secretary of Commerce, Board Member, ex officio



The Honorable Katherine C. Tai U.S. Trade Representative, Board Member, ex officio

EXIM 2021-2022 Advisory Committee Statement on the **EXIM Competitiveness Report**

June 30, 2022

To: Members of the United States Congress

From: EXIM Advisory Committee

The Members of the 2021-2022 Advisory Committee and its Subcommittees have reviewed EXIM's 2021 Report to the U.S. Congress on Global Export Credit Competition and present this statement reflecting the views of the Members regarding the report and the competitiveness issues raised in it. Subcommittees include the Chair's Council on China Competition, Chair's Council on Climate, Subcommittee on Whole-of-Government Collaboration, and Subcommittee on Global Competitiveness.

First and foremost, the Committee is very pleased to have new Board leadership in place at EXIM. Chair Reta Jo Lewis, Vice Chair Judith Pryor, and Director Spencer Bachus all deeply understand the essential leadership role that American companies play in the global economy, and they appreciate the positive impact that EXIM has on the companies, workers, and communities across America that benefit from the agency's financing. The support that President Biden, the Biden-Harris Administration, and bipartisan leaders in Congress have offered the agency at this critical moment has already led to new foundations that will advance the competitiveness of American exports. Most notably, the new Make More in America Initiative, the new Office of Global Finance Development, and key joint initiatives will all unlock capital that strengthens America's economic security.

However, as the results of this report show, much more needs to be done to reset the agency from the damage done between 2015-2019 and rebuild into a new, modern era that solves the challenges of this important moment. Without question, America fell behind due to the unwise actions taken to hinder the agency at a time when all major global competitors, especially China, took significant steps forward in supporting companies and workers in their countries. How EXIM and key stakeholders leverage this new opportunity will define the future for the agency.

As Chair Lewis has outlined from day one, EXIM must leverage every tool at its disposal to advance the agency's mission, fulfill the new mandates that arose from the 2019 reauthorization, and help build a better America through bold, new partnerships, agency modernization efforts, and a renewed commitment to competitiveness. We commend Chair Lewis for ushering in this new era and stand ready to work aggressively to make this vision become a reality. We firmly believe EXIM can once again be a top-tier, competitive ECA for American exporters and for the benefit of U.S. jobs, but it will only happen with strong leadership and importantly, support from policymakers around the U.S. government.

Although these statements may not be shared equally by all Members, they, nonetheless, represent the issues that the Committee considers EXIM should address going forward.

The Members of the EXIM Advisory Committees have put forward exceptional ideas and recommendations that offer a roadmap for success, and we trust that EXIM and all the stakeholders committed to the success of America's exporters will thoroughly consider the feedback contained in this report and in the recommendations of the Advisory Committee and its Subcommittees. Rebuilding an agency with such promise requires a truly wholeof-government commitment.

In addition to ideas offered from the main Advisory Committee, the Subcommittees and Councils this past year have covered two of the most pressing challenges for the United States today: China competition and climate change. U.S. exporters have faced increased competition from Chinese companies backed by historic levels of their government's financing for years. In parallel and with some degree of overlap, U.S. manufacturers of climate-friendly technologies have struggled to make their goods entirely within the United States and among values aligned nations, with key inputs such as critical minerals and key parts only available through China. U.S. manufacturers face heightened competition not only from China but from other countries around the globe with active industrial policies that centrally include export credit as a key strategic tool. Today, with more ECAs than ever finding innovative ways to support their exporters competing against Chinese competitors and competing for climate-friendly projects, EXIM needs to do more.

Throughout the year, the Advisory Committee and Subcommittees have offered thoughtful, robust recommendations intended to help EXIM step forward and lead on these two key issues and ultimately provide more competitive financing that will, in turn, help American companies compete and win. The Subcommittees generated dozens of strong recommendations that have been presented to EXIM, with common themes across recommendations highlighted below. As many of these themes reflect the stakeholder views outlined in the report, these recommendations underscore the report's findings even further.

When considering these recommendations, and in pursuit of offering more competitive financing that can support greater numbers of U.S. jobs, EXIM should bear in mind a few key points:

- First, EXIM and other U.S. financing tools must lead on quality, not just quantity. While several good ideas exist to improve the competitiveness of EXIM's product offerings, it is essential that EXIM deliver quality financing that not only helps facilitate U.S. exports, but also builds sustainable partnerships and delivers high quality projects in host countries. Financing solely in the name of competing with China will not be very welcome across the world.
- 2. Second, while competition with China is of utmost strategic importance today, China is not the only competitor U.S. exporters face, and it is important that EXIM maintain a broad view of all export finance competition in the market, including from fellow OECD members. Several large, western countries have made significant advancements in supporting their domestic industrial base through export credit, and the United States should find more opportunities like the Make More in America Initiative to do the same.
- 3. Finally, the global energy transition is a significant economic opportunity for the United States, and EXIM has the potential to serve as a powerful financing tool supporting the growth of U.S. action on climate, both domestically and abroad. The U.S. stands to benefit most when American-made technology is used to power the green transition. That said, not all the components necessary for the transition are available within the four corners of the United States, and EXIM must move with nimbleness and flexibility to move at a pace that limits warming to 1.5°C or 2°C above pre-industrial levels.

Key recommendations and themes from the 2021-2022 Subcommittees include:

 EXIM should provide financing that is competitive with OECD ECA peers as a first step towards neutralizing Chinese official financing competition. As an example, EXIM should offer the OECD minimum and maximum terms, including for the maximum local cost support and minimum down payment allowable;

- EXIM should take a more strategic approach to working with other U.S. government agencies, including by providing blended financing like that offered by other OECD members;
- EXIM should take a fresh look at financing options that have been difficult to employ in the past but that make a significant difference in the market today, such as local currency financing;
- EXIM should assess policies where the agency is an outlier among ECAs globally and consider alignment to remain competitive among OECD nations;
- EXIM must adopt stronger risk appetite, be more forward-leaning/proactive in business development, and start finding creative ways to execute more transactions, as we see foreign ECAs doing;
- EXIM must continue efforts to support U.S. small and medium-sized businesses, many of which form parts of the critical supply chains of larger U.S. exporters. EXIM should look for ways to partner with larger U.S. exporters to create awareness of EXIM programs for their small business suppliers (indirect exporters);
- EXIM should conduct a holistic analysis of internal processes with the goal of streamlining and making the due diligence, underwriting, and approval processes more efficient, commensurate with foreign peers;
- EXIM should assess its resources and expertise to ensure it has sufficient amounts allocated to these key priority areas and that, where lacking, training and additional resources are prioritized.

The full list of recommendations is as follows:

Subcommittee on Whole-of-Government Collaboration

Expand EXIM staff presence overseas and domestically

EXIM has a capacity issue, and it struggles to compete against larger ECAs. Opening more local offices in the U.S. is an effective way to help small businesses. When considering the changing nature of export credits, however, installment of overseas offices will further help U.S. exporters, especially those engaged in \$15-50 million transactions, compete more effectively with major industrial powers. Having EXIM personnel in-country gaining knowledge on-the-ground and in real time would allow EXIM to access market intelligence it doesn't currently have, but it comes at a cost. To compete more effectively, what EXIM and other U.S. agencies need more than anything else is greater budget appropriations.

Create a one-stop capital shop online

While there are numerous programs, tools, and agencies in place aimed at supporting exporters seeking capital, a lack of coordination among these sources increases the time and resources U.S. companies are required to ultimately expend in order to secure the capital they need. A "one-stop capital shop," an online platform, will allow access to all available U.S. Government export credit finance and help exporters connect with multiple agencies to find optimal terms and products, and effectively reduce barriers to capital access.

Align export agencies' goals

To compete more effectively, it will require U.S. agencies to continuously become better at cross-agency coordination and cooperation. Currently, agencies do not have cross-agency goals that they commit to annually. With the right facilitation and coordination, interagency cooperation amongst entities supporting U.S. exporters can offer more synergies and avoid duplication of services. Currently, approximately 20 federal government agencies are involved in supporting U.S. exports directly or indirectly.

Chair's Council on Climate

Climate policy for EXIM

- Develop a Climate Action Plan, inclusive of a Net-Zero Target.
- Apply a comprehensive definition of what counts as "climate investment."
- Fully operationalize climate considerations within EXIM's underwriting processes, governance, strategy, risk management.
- Employ better metrics, better monitoring, and better reporting of climate-related investments.

Refining existing EXIM policies to enable greater climate investment

- For climate investments, match or exceed OECD policies that allow ECAs to be competitive.
- Exploring approaches to leverage EXIM's Make More in America initiative in relationship to domestic content requirements.

Transactional improvements and programmatic recommendations for climate investment

- Develop or expand programmatic approaches to support climate investment opportunities.
- Consider improving transactional terms and conditions for climate-positive investments.
- Opportunities to increase "ease of use," access, and staffing capacity for climate investments.
- Additional staffing capacity, and resources particularly for climate-related investments.

Sector-specific recommendations to support climate investment

• Deepen engagement and support of specific climate-related sectors.

Deepening partnerships and collaboration with other agencies, institutions, and organizations

- Embody the Whole-of-Government approach by collaborating and partnering with other key U.S. federal and state agencies on climate action.
- Collaborate with other financial institutions to accelerate climate investment.
- Deepen EXIM engagement with OECD on climate change issues.

Chair's Council on China Competition

Trends and impacts

- Official Chinese financing has been trending downward. That trend should not be interpreted as drying up, rather financing is expected to steady and perhaps surge.
- Expect China to diversify toward countries with better credit profiles, into different forms of financing, and into new sectors, particularly clean energy and information and communication technology (ICT).
- U.S. financing solely in the name of competing with China will be unwelcome in recipient countries. Branding should focus on partnership and mutual gain.
- Chinese financial entities cooperate to provide attractive coordinated credit spaces.
- China has created instruments that are not registered in official debt statistics masking the extent of Chinese activity.

- China may seek to introduce more RMB into overseas economic activity especially in cases of debt restructuring.
- The U.S. should secure increases in capital, involved U.S. institutions must align with U.S priorities and executive orders, and those institutions cooperate through co-financing and blended instruments.
- The U.S. should play to its strengths in clean energy and ICT.
- Local currency financing should be explored and pursued.
- The U.S. should provide support to recipient countries to enable sound decisions based on price and quality to achieve domestic mandates while satisfying our overseas customers.

Adapting to the competitive landscape

- Major export credit agencies have and continue to adjust their respective financing programs to remain competitive with China.
- China does not comply fully with OECD rules which has induced other countries to follow suit skewing the competitive landscape.
- The U.S. should develop compliant blended processes to level the playing field; or, in cooperation with OECD partners eliminate the required percentage of funds for sovereign buyers.
- As a matter of priority hire an experienced Chief Banking Officer with the authority to select necessary staff of his or her choosing.
- Review expeditiously the EXIM organization, streamline aggressively, and implement more concise, efficient Transaction Review Committee processes.
- Reenergize a mindset of competing aggressively on behalf of exporters.
- Size the Office of the Inspector General commensurate with the size of EXIM to meet compliance requirements and support more expeditious processes.
- Develop, resource, and execute a domestic information campaign targeting large cities in all states; include relevant state agencies, small and large corporations, and industry associations. Reconnect the network of small business users.
- Enhance the focus on transactions of \$25 million and seek partnerships with manufacturers in the \$100 million to \$2 billion revenue range.
- Resource and assign EXIM personnel in countries and regions where EXIM must focus.
- EXIM should promptly adopt SBA guidelines on transaction-specific opportunities that allow purchase order financing and give SBA the ability to refer transactions to EXIM.
- Increase the default cap to at least 5% or higher for priority sectors and regions.
- Increase the loan approval to transaction submission ratio and accelerate deal completion times.
- Adopt local currency financing options.
- Adapt and partner more with the SBA.
- Develop a more expeditious U.S. flag waiver process.
- Review U.S. content waiver requirements and align them with those of the Department of Defense.

Competing in high technology transformation

• The U.S. and our allies are no longer preeminent in basic R&D, standard setting or commercialization of transformational technologies most of which are dual use.

EXIM 2021-2022 Advisory Committee Statement on the EXIM Competitiveness Report

- China is marshalling a civil military toolset to take a commanding position in developing and exploiting those technologies.
- China is directing nearly \$2 trillion in strategic capital in areas such as energy storage, biotechnology, quantum, and microelectronics.
- The U.S. private sector alone in not sufficient to ensure U.S. leadership in transformational technology areas.
- EXIM can serve as a highly effective force multiplier to close funding and credit gaps in the face of the ubiquity of Chinese capital. However, as a relative newcomer to the high technology market EXIM must understand where, how best, and when to make its financial tools available.
- U.S. venture capital is increasingly flowing to software-based technology and dual-use hardware-based technologies are underfunded by U.S. investors to the disadvantage of hardware startups.
- U.S. Departments and agencies have identified the technology sectors of most critical importance and the strategies to develop, finance, commercialize, or trade the resulting goods and services are under development. Assessing the various government lists of technology sectors can enable EXIM's determination on where and how to make the appropriate strategic financial interventions. Steps to be pursued:
 - Determine how EXIM's financial tools align, overlap, and complement existing technology financial tools e.g., venture capital investments, venture debt financing, etc.
 - Conduct a listening tour to determine market failures and gaps and to assess whether the startup community understands how EXIM can improve their competitive position globally.
 - Consider establishing a senior Emerging Technology Advisory Council made up of credit, venture, private equity, and investment experts.
 - Examine EXIM's high technology deal history to determine whether, why, or why not competitiveness of the firms was improved.
 - Perform a market analysis to determine which technology focus areas are underserved.
 - Determine where, how, and what resources are required to optimally coordinate among other government entities and whether EXIM's tools are aligned with those of other agencies and the innovation ecosystem for emerging technologies.
 - Assess and enhance EXIM's connectivity with technology stakeholders to determine if there are regular outreach and collaboration points.
 - Ensure the full range of EXIM tools are readily available to technology stakeholders.
 - Assess whether EXIM has the appropriate level of expertise in venture capital and early to mid-stage technology funding. Determine if recruiting professionals from the technology financing industry or technology companies is required to better address the U.S. transformational technology strategy.

Conclusion

Throughout its illustrious history, EXIM has materially contributed to the creation of millions of good-paying jobs and countless businesses. This has made America stronger and better able to serve as the "indispensable" nation on the global stage. In so doing, the American Experiment, the longest running democracy in world history, has thrived and been better positioned to uphold and advance our underlying values of self-determination, individual rights, and a strong market-based economy. In other words, EXIM serves not only our economy, and our country, but our bedrock values. This higher purpose can only become even more important in the decades ahead as EXIM rebuilds and grows.

The Members warmly congratulate EXIM on completing its 2021 Competitiveness Report, which we believe accurately reflects the export finance market today and recounts the challenges U.S. exporters face. As we look forward to the rest of 2022 and beyond, the Members are encouraged by the promise of a new day at EXIM and stand ready to work with the agency, members of Congress, and America's exporters to win the economic competition for the 21st century.

Sincerely,

Heidi Heitkamp

Chair

EXIM 2021-2022 Advisory Committee

EXIM 2021-2022 Advisory Committee Members



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EXIM 2021-2022 Chair's Council on China Competition Members



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Executive Summary

The year 2021 was defined by the protracted impact of the COVID-19 pandemic on the global economy, trade, and the medium- and long-term (MLT) export finance market. However, basic trends that occurred in the aftermath of the Global Financial Crisis (GFC) have continued in the wake of the pandemic as the definition of a "competitive" export credit agency (ECA) continues to evolve. That is, the definition of a competitive ECA is morphing from (1) an ECA winning specific, one-off deals with standard OECD Arrangement terms to (2) an ECA that offers both case-by-case cover that meets the specific needs of an export transaction and that also provides a spectrum of support in order to develop and expand national export capacity. The COVID-19 pandemic catalyzed this transition, as ECAs funneled activity into their domestic markets in a countercyclical role. Per EXIM's charter mandate, the 2021 Competitiveness Report evaluates the impact of 2021 activity and trends on EXIM's competitiveness. The major emerging themes are:

- Continued impact of COVID-19: The uneven economic recovery from the effects of the COVID-19 pandemic has translated into a continued countercyclical role for ECAs to support their national economies.
- Waning MLT Export Credit Activity vis-à-vis Traderelated Activity: Official MLT export credit activity remains on the decline while official MLT traderelated (non-export credit) activity has remained fairly consistent with only a slight decrease in 2021.

- Significant Decline of Chinese Financing Activity:
 While China's ECAs provided the largest levels
 of official MLT export credits in the 2010s, 2021
 volumes of Chinese activity are now one-third of
 their peak (and now similar to the next-highest ECA
 provider of MLT official export credits).
- Evolving Level Playing Field: OECD Participants implemented significant changes to the Arrangement and continue to discuss the modernization of the Arrangement.
- Continued Emphasis on Climate-related Finance:
 The export finance market, including ECAs, have highlighted the potential roles export finance can play in the global climate transition to lower-emission technologies.
- First Mover Advantage: ECAs are finding value in being involved early and often with potential export finance borrowers, with the establishment of international offices in key markets proving fruitful.
- ECAs as a Valued Resource: ECAs' responses to the economic impacts of the COVID-19 pandemic have emphasized their benefit as a government tool and ability to contribute to strategic priorities.

As part of the annual evaluation of EXIM's competitiveness, EXIM solicits qualitative feedback from stakeholders – the results of which are shared in the Competitiveness Report. These comments indicate that EXIM still faces major challenges to return to historic levels of activity and competitiveness in MLT export credits.

Introduction

Background

The Export-Import Bank of the United States (EXIM or the Bank) is the official export credit agency (ECA) of the United States. EXIM's Charter (12 U.S.C. §635 et seq) mandates that EXIM provide financing "that is fully competitive with Government-supported rates and terms and other conditions" offered by foreign providers of official export finance.² EXIM's Charter also requires the Bank submit to Congress an annual assessment of its competitiveness in the previous calendar year.³ The Charter requires that, in this report, EXIM "indicate in specific terms the ways in which the Bank's rates, terms, and other conditions compare with those offered from such other governments directly or indirectly."4 As such, EXIM annually submits this Report to the U.S. Congress on Global Export Credit Competition (the Competitiveness Report).

Historically, the Competitiveness Report focused particularly on medium- and long-term (MLT) officially supported export credits because U.S. exporters report acute competition against foreign exporters (supported by their respective ECAs and other parts of their governments). However, given the continued economic impacts of the coronavirus pandemic (COVID-19 or the pandemic) in 2021, this year's report will – similar to the 2020 report – expand its historical scope to also capture measures focused on shorter-term liquidity concerns which ECAs took to bolster their exporter base and domestic economies in the near term.

This report focuses on the following:

- The lingering impact of the COVID-19 crisis on the global official export finance market: How COVID-19 continues to affect the global economy and how export finance is responding to its prolonged impact; and
- An emerging new era of official export finance: As economies worked to recover from the COVID-19 impact, many ECAs did not simply retreat to old paradigms, but rather pivoted to a new way forward which included (1) implementing changes to the OECD Arrangement, (2) focusing on climaterelated financing, (3) introducing new financing capabilities, and (4) moving toward increasingly proactive operational models.

Methodological Note - Foreign Official Export and Trade-Related Finance Data

Congress mandates that EXIM provide U.S. exporters with financing terms and conditions that are "fully competitive" with those that foreign governments provide to their exporters. The Charter requires that where data is not available, "the Bank shall use all available information to estimate the annual amount of export financing available from each such government and government-related agency."6 EXIM undergoes an extensive process for data compilation, collection, and verification, as detailed below. EXIM's data for export and trade-related program activity is largely reported directly to EXIM bilaterally by almost every major ECA. EXIM also draws upon data from public sources, such as institutions' websites and annual reports to better contextualize ECA activities.7

^{2 12} U.S.C. §635(b)(1)(A)

³ U.S.C. 635g-1. This report covers calendar year 2021 unless otherwise specified.

⁴ U.S.C. 635g-l(a)(1)

⁵ U.S.C. § 635(b)(1)(A)

⁶ U.S.C. § 635g-1(a)(1)

EXIM would not be able to put together the Competitiveness Report without the gracious assistance of its foreign ECA colleagues. EXIM appreciates the time spent responding to its many inquiries and data requests.

Introduction

As in previous years, EXIM has again collected data through a third-party survey of export credit practitioners to supplement its own survey findings.

Further, EXIM's use of commitment data (rather than, e.g., disbursement or exposure data) is intentional, in order to provide a sense of the volume and types of export credit support that providers were willing to authorize and commit in support of their exporters at the time of competition. (Note: EXIM acknowledges that such an approach does not track whether funds were ultimately disbursed, whether exports were ultimately shipped, whether institutional commitments lead to measurable outcomes, etc., but the approach provides an indication of whether the official export credit provider fulfilled its mission to provide competitive financing to level the playing field for their exporter at the time of bid.)

With respect to ECA outreach, EXIM approached all ECAs whose data is presented to request their 2021 commitment data. All ECAs mentioned in this report (except for the Chinese ECAs and the Russian ECA) responded to EXIM's requests for 2021 data, confirmed their data when EXIM had questions or cross-checked data sources, provided EXIM with information on their institution's activity and/or programs, and provided clarifying comments where necessary. Importantly, this verification process provides a more accurate portrayal of foreign ECA activity and intent, which contextualizes the individual views of export credit practitioners. EXIM's Competitiveness Report would not be possible without responsive transparency and prompt input from colleagues across the global ECA community.

To obtain data on Chinese export and trade-related finance volumes, EXIM utilized multiple open sources and research techniques to gather information on China's official financing activity. First, for China EXIM, EXIM generated a list of potential projects receiving Chinese official financing support through public websearch tools. Additionally, EXIM has participated with a consortium of U.S. government agencies that have contracted with a consultant to assist with research into Chinese export credit activities. That data set was cross-referenced with EXIM's in-house research of articles, press releases, and other media using these tools, which included:

- Emerging Markets Information Service (EMIS) Intelligence
- Google Alerts
- Bloomberg
- EBSCO Information Services
- Lexis Nexis (Lexis Advance)

After the initial list was compiled, EXIM conducted further research in English and, when language capabilities were available to support such research, in Mandarin, on the list of those projects in order to confirm loan amounts, interest rates, repayment terms/tenor, and other terms and conditions. EXIM also confirmed the existence of transactions and their details through interagency engagement. In the past, EXIM briefed China EXIM on its research methodology, in a good faith effort at transparency and to gauge the accuracy of EXIM's findings. EXIM previously requested that China EXIM comment on the database, either on a holistic basis or for individual projects. China EXIM has, to date, not provided substantive comments on EXIM's estimates or on project-specific information.

Additionally, in 2021, EXIM worked together with the U.S. Air Force Office of Commercial and Economic Analysis (OCEA), which commissioned a study of China's Export and Trade-Related Financing. The study compiled broad information on recent trends regarding official and non-official Chinese export credit and trade-related support.

Finally, data on Sinosure's activity has been found through Chinese-language internet searches (when language capabilities were available to support such research). Sinosure's 2021 figures were estimated using previous figures obtained from Chineselanguage Xinhua News Agency-affiliated state media reports.

Methodological Note - Stakeholder Views

EXIM also conducts several methods of outreach to solicit qualitative and quantitative feedback from the Bank's stakeholders throughout the year. Included in this work is a congressionally mandated survey to exporters and lenders about their experiences regarding EXIM's role in meeting competition from other countries whose exporters compete with those from the United States. The survey was sent to 176 stakeholders, primarily exporters and lenders, who are familiar with EXIM and includes roughly 100 questions. This year, 44 stakeholders responded one-half were exporters, one-half were lenders. While this response rate is slightly higher than in 2020, it is consistent with the response rate from previous years when EXIM lacked a board guorum.8

EXIM remains committed to providing unbiased qualitative and quantitative data and insights from the survey and to that end has supplemented the EXIM exporter and lender survey results with a variety of other engagements. Information on EXIM's efforts to understand exporters' and lenders' experiences, and on the survey results, can be found in Section B: Stakeholder Views.

Report Structure

Section A provides an overview of the ongoing recovery of the official MLT export and trade-related finance market from the COVID-19 pandemic. Chapter 1 offers a detailed look at 2021 export and trade-related finance activity levels from various institutions. The recovery of the global economy from COVID-19 and remaining ECA COVID-19 support will be covered in Chapter 2. Finally, Chapter 3 will explore how coming out of the COVID-19 pandemic has ushered in a new era for the official export credit market.

Section B reports the findings of EXIM's outreach to exporters and lenders, including results from the congressionally mandated survey of exporters and lenders, and results from a separate export credit practitioner survey conducted by a third party. To provide a more fulsome picture of exporters' and lenders' experiences, the Competitiveness Report also includes findings obtained through focus groups, bilateral meetings, third-party industry reports, meetings with experts, and conferences pertaining to the export credit market.

Section C includes appendices that cover important topics in export finance and fulfill EXIM Charter reporting requirements. For more information on official export and trade-related finance for new readers, refer to Appendix A.

⁸ For example, the response rate for the CY 2018 EXIM exporter and lender survey was 25 percent.



Trends in Official Mediumand Long-term (MLT) Export and Trade-related Activity

Trends explored in this section include:

- Countries' use of official export and trade-related finance in 2021 (Chapter 1),
- Lingering impact of the COVID-19 crisis on the global official export finance market (Chapter 2), and
- Emerging trends in export finance:
 The forefront of a new era (Chapter 3).



OECD and non-OECD Official MLT Export and Trade-related Activity in 2021

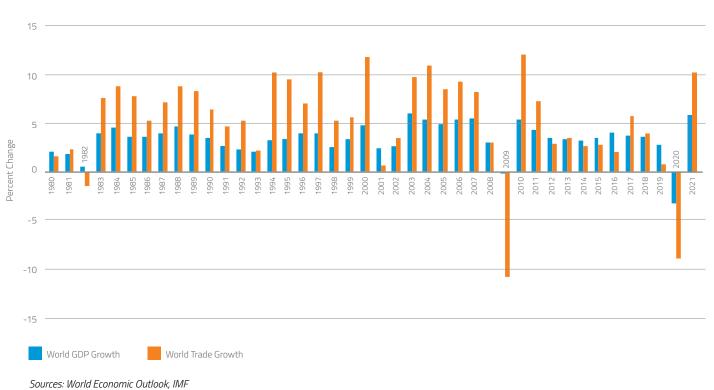
Introduction

This chapter of the Competitiveness Report describes the full range of official MLT export and trade-related support available in 2021. In practical terms, this combination of export and trade-related support represents the estimated volume of official MLT financing that could support competitors of U.S. businesses. Accordingly, in order to measure the marketplace more accurately in which U.S. exporters operate, and to more appropriately assess EXIM's competitiveness, this chapter measures both officially supported export credit activity and the scope and scale of support for exports through trade-related support, including investment, untied, market window, and development finance institution (DFI) programs.

Overview

The uneven global economic recovery from the COVID-19 pandemic defined macroeconomic trends in 2021. As shown in Figure 1, world GDP growth rebounded from the lowest recorded rate over the past forty years to the highest recorded rate over the same period at 5.88 percent. World trade growth recovered to 10.13 percent, the highest rate since 2010. As the COVID-19 pandemic continued to spread across the globe, there was a chain reaction of closures of economies and production, impacting supply chains and cross-border trade. The rollout of COVID-19 vaccinations allowed economies where vaccines were available to reopen, allowing for more stability in these markets (although still not to





2021 EXIM COMPETITIVENESS REPORT | 21

pre-pandemic levels). However, improved outlooks in advanced economies made investing in developing countries relatively less attractive for investors.9 While global foreign direct investment rebounded in 2021, surpassing its pre-COVID-19 level, the recovery was highly uneven - concentrated in developed economies and in international project finance investments.10

Against this macroeconomic backdrop in 2021, total official export credit volumes provided by OECD and non-OECD ECAs both appear to have decreased from 2020 volumes (see Figure 2). As such, this was the third consecutive year of declining official export credit volumes. As discussed in the 2020 Competitiveness Report, several ECAs employed COVID-19 response measures that were not encapsulated by official export credit volumes.

Many of these programs—such as short-term financing—fell outside the scope of this "standard" MLT export credit support covered by the OECD Arrangement and were continued in 2021.

Trade-related support, comprised of investment support, untied support, market windows, and DFI activity, decreased from 2020, primarily due to a large decrease in investment support. In contrast, untied support was up in 2021. DFI and market window activity were both stable.

In total, combined official MLT export and traderelated finance decreased for the second consecutive year with volumes at approximately \$170 billion in 2021 compared to approximately \$190 billion in 2020.

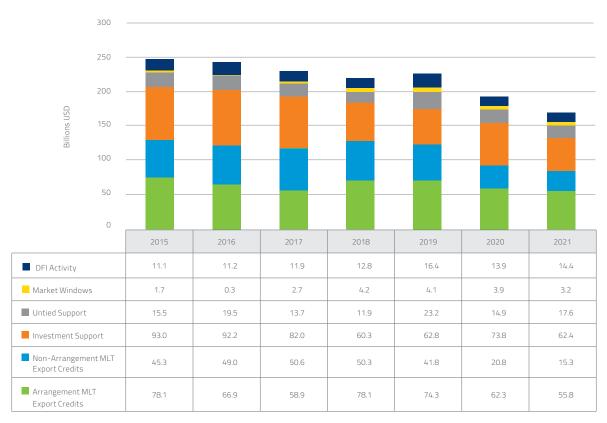


Figure 2: Grand Total of Official MLT Export and Trade-related MLT Activity from OECD and non-OECD Countries

Sources: EXIM, bilateral engagement, annual reports

Giles, Chris, "'This crisis is different': the dramatic rebound in the global economy," The Financial Times, 9 April 2021.

Global Investment trends Monitor, No 40 (unctad.org)

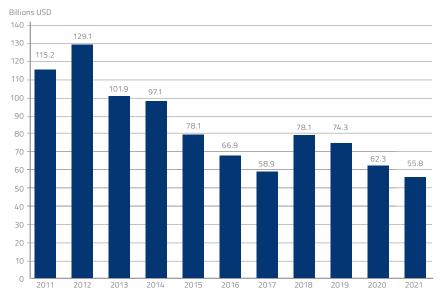
OECD Arrangement MLT Export Credit Activity

In 2021, OECD Arrangement activity trended downward (as seen in Figure 3) for the third consecutive year from the five-year high in 2018. The 2021 numbers were driven by significantly decreased support from major countries, including France and Germany, while most other countries, including the

United States, stayed steady, and two countries increased official MLT export credit volumes (Italy and the Netherlands).

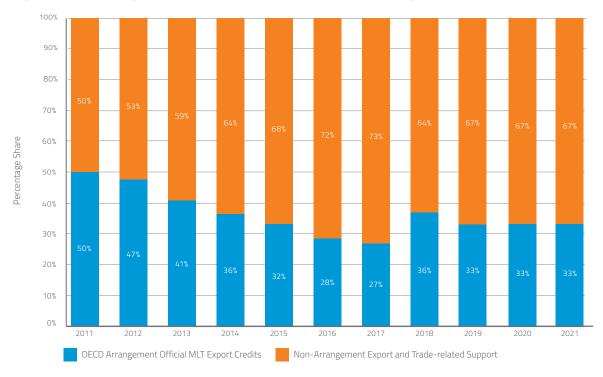
OECD Arrangement activity comprised approximately 33 percent of total export and trade-related financing in 2021— approximately the same share of activity as in 2019 and 2020 (see Figure 4).

Figure 3: OECD Arrangement Official MLT Export Credits Provided by OECD Participants



Sources: EXIM, bilateral engagement

Figure 4: OECD Arrangement Official MLT Export Credits vs. Non-Arrangement Export and Trade-related Support



Sources: EXIM, bilateral engagement, annual reports

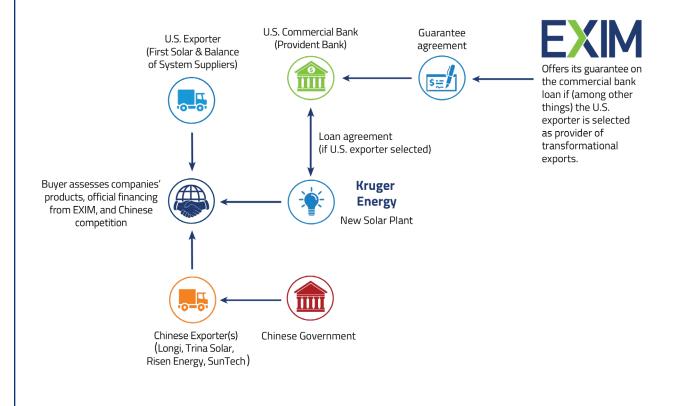
Box 1: EXIM's MLT Transformational Export Support

EXIM was able to authorize \$90 million over five MLT transactions in transformational export sectors in 2021. These sectors were specifically highlighted in EXIM's Charter as priority areas for EXIM support given competition from China. Since the transformational export industries are priorities for Chinese government subsidies, transactions in these sectors do not need to have a specific competing Chinese bid to qualify for EXIM support under the CTEP program.

For example, one of these transactions was EXIM's "Deal of the Year" to First Solar for the export of its thin-film solar panels to the Zacapa solar-energy project in Guatemala. One of EXIM's first transactions in support of distributed solar power, the project saw EXIM approve an 18-year repayment term of an \$8.7 million loan. The transaction, outlined in Figure 5, showcases how EXIM is now focused on countering Chinese competition in these key transformational export sectors.

"This EXIM financing advantage is a crucial factor in strengthening American competitiveness in sectors such as clean-energy technology that are dominated by companies subsidized by other nations such as China." – Karl Brutsaert, Vice President of First Solar, Americas

Figure 5: Example of EXIM Support of U.S. Exporter in Transformational Export Area in 2021



Major non-OECD (i.e., BRICS Countries) MLT Export Credit Activity¹¹

As in past years, China was the largest provider of official MLT export credits from the BRICS (Brazil, Russia, India, China, South Africa) countries. 12 Similar to last year, all of the other BRICS countries are below the \$3 billion level. However, EXIM research shows that in 2021, China's MLT official export credit support appeared to decrease by 37 percent from just under \$18 billion in 2020 to about \$11 billion in 2021, with its volumes now roughly equivalent to the highest OECD provider.¹³ China's 2021 activity levels indicate a third consecutive yearly decrease in Chinese official export credit support. The result is a decrease of roughly onequarter in BRICS activity overall (excluding Russia), when compared to their aggregate commitments authorized in 2020, as shown in Figure 6.

Various observers have commented that the decline reflected either (or both) a logical consequence of a COVID-driven drop in project completion and a strategic reset of Chinese objectives for ECAs in response to claims and criticisms. Given the lack of specific public information on official Chinese ECA activity, EXIM looked to other sources to help explain the reasons for this decline. Specifically, EXIM drew from official Chinese and foreign sources, academia, think tanks, and China experts to better understand the shift in Chinese support. Some members of the export finance market believe that this decrease in activity is due to multiple factors, including China's ECAs reaching exposure limits in certain highly indebted countries, borrowers seeking to diversify financing sources, and cheaper offerings from the private sector.14

Figure 6: BRICS Official MLT Export Credit Activity



Sources: EXIM, bilateral engagement, annual reports

¹¹ EXIM did not receive bilateral information from Russia prior to publication of this report, therefore the activity of Russia's ECAs will not be covered in

The BRICS (Brazil, Russia, India, China, South Africa) countries are significant emerging market economies that are not Participants to the OECD Arrangement, with the exception of Brazil as a Participant to the OECD Arrangement's Aircraft Sector Understanding (ASU). Therefore, their official export credit support is not subject to Arrangement rules. Some BRICS consider and report standard MLT as untied support. For consistency with other ECA reporting, we have classified direct loans, guarantees, and/or insurance products correlated to exports as non-Arrangement MLT.

¹³ EXIM conducts research on Chinese official export credit volumes through open-source research, and therefore these volumes are considered estimates. They may not fully reflect the actual trend in Chinese official export credit volumes

¹⁴ https://www.gtreview.com/news/global/chinese-contractors-in-africa-turn-to-europe-for-financing/

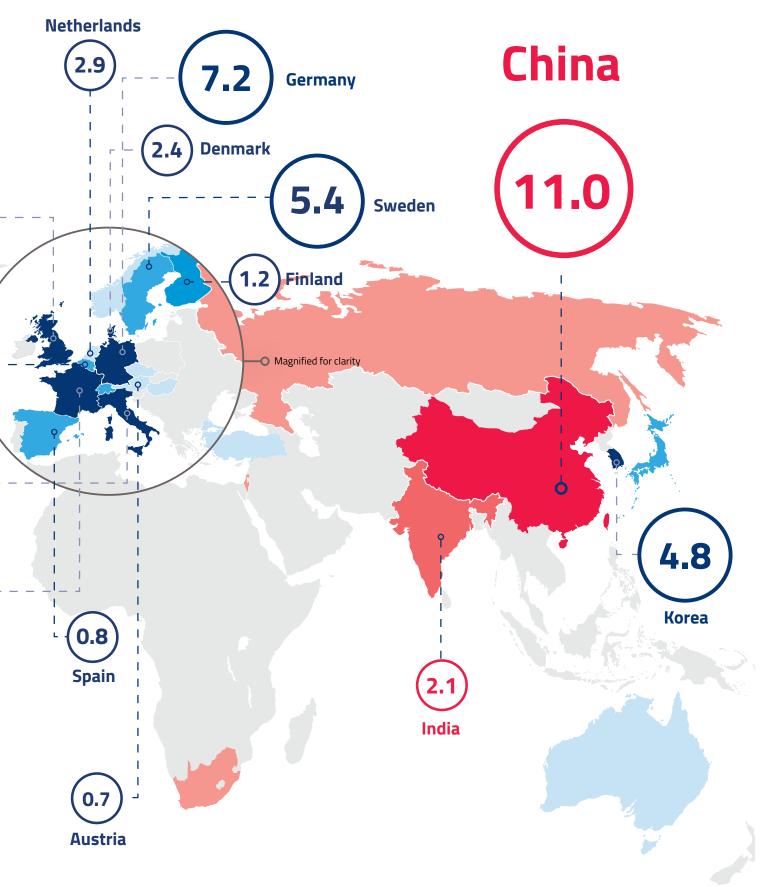
New Major Official Medium- and Long-Term Export Credit Volumes

United **Billions USD** Kingdom 1 China* 11.0 2 10.9 Italy 3 Germany 7.2 4 France 5.9 5 Sweden 5.4 Canada Korea 6 4.8 7 **United Kingdom** 4.0 Netherlands 6 2.9 9 Belgium 2.5 **Denmark Belgium** 11 **United States** 2.2 India** 12 2.1 13 Canada 1.9 Italy 14 **Finland** 1.2 15 Norway 1.0 United 16 **South Africa** 0.9 **States** 17 Spain 0.8 18 Austria 0.7 19 Switzerland 0.6 20 0.6 Japan 21 Brazil 0.4 22 Israel 0.3 Export Credits provided under the OECD Arrangement Other OECD 23 0.2 Non-Arrangement Export Credits 24 Hungary 0.1 25 Czech Republic 0.1 Non-Arrangement Export 26 Turkey 0.1 Credits, with the exception of activity provided under the OECD 27 Mexico Arrangement's Aircraft Sector 28 **Australia** 0.0 Understanding 29 Russia*** N/A

As reported in EXIM's methodology section, EXIM estimated China's official MLT export credit volumes through open-source research in English and Mandarin.

^{**} For consistency with other ECA reporting, we have classified direct loans, guarantees, and/or insurance products correlated to exports as non-Arrangement MLT activity.

^{***} EXIM did not receive bilateral information from Russia prior to publication of this report, therefore the activity of Russia's ECAs will not be covered in this year's report.



Sources: EXIM, bilateral engagement Data used for the figures in this report are available on the EXIM website at www.exim.gov. Disclaimer: Bubbles are not to scale and do not correlate with export credit volumes listed.

Trade-related Activity (Not Covered by the OECD **Arrangement)**

Official trade-related finance is government-backed MLT financing of trade between nations, but generally provided for a primary purpose other than financing an export sale and does not normally require a minimum amount of exports from the providing country. 16 As such, this activity is not within the scope of the OECD Arrangement because it is not considered official support for export or tied aid. Some of this financing is also available to U.S. exporters to fulfill procurement for a given project. However, as U.S. exporters have reported facing global competitors backed by these types of financing, they are again included in this year's analysis. Official trade-related finance includes investment support, untied support, market window activity, and DFI activity (shown in Figure 7). Each of these types of support (excluding DFI) are typically dominated by a small number of ECAs.

Investment Support

Investment support is historically the largest component of trade-related activity and is most often a source of competition for U.S. exporters. When providing investment support, an official government entity, such as an ECA, provides support to an investor from that government's country looking to acquire an equity stake in a foreign company or project overseas. That support includes insurance or a guarantee that covers political risks for an equity investor or nonpayment risks for a debt obligation (financing said investment without any requirement to use proceeds to finance an export or international trade).17

Major providers of official investment support decreased their new commitments in 2021. This type of support is often used for major large-ticket projects, and therefore ebbs and flows from year to year. Japan continues to provide the most investment support of all ECAs, providing double the next largest

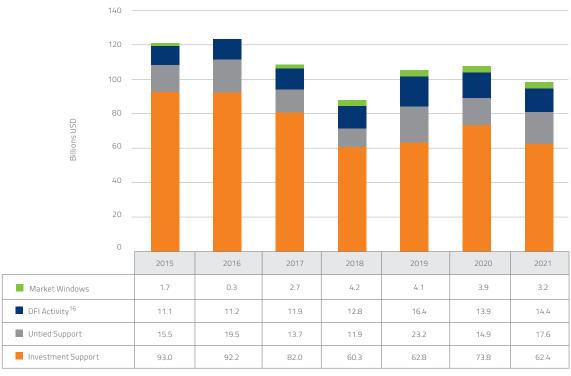


Figure 7: Trade-related (non-Export Credit) Activity from OECD and non-OECD Countries

Sources: EXIM, bilateral engagement, annual reports

¹⁵ DFI data is derived from U.S. DFC, EDFI, and FinDev annual reports and websites, and does not include DFI activity from development finance support from official financing institutions in Asia given that EXIM is still trying to understand these institutions' programs and activity.

¹⁶ See Glossary for a more detailed explanation.

¹⁷ See Glossary for a more detailed explanation.

provider (China) and 50 percent more than the rest of the OECD ECAs combined.18 JBIC, one of Japan's export credit agencies, provides investment support through its Overseas Investment Loan program (OIL), which is often cited by U.S. exporters as a key type of financing supporting their competitors. As shown in Figure 8, Japan and Korea have dominated the investment support share of OECD countries over the past seven years and overtook China's level of investment in 2018.

Untied Support

Untied financing is generally provided to a multinational company to promote the provider country's "national interests" rather than directly financing a specific export sale. Recently, instead of this support being used primarily for a discrete

transaction, ECAs are now using it more as a lever to achieve specific, non-transactional and strategic goals – sometimes even including domestic activity. Exporters and lenders have touted the untied programs offered by foreign ECAs as competitive offerings that give buyers sourcing flexibility and allow buyers to diversify the ECAs that they work with, influencing sourcing decisions in the medium- to long-term.

Untied support increased significantly – around 20 percent - from 2020 to 2021. As shown in Figure 9, over time, there have been more providers of untied financing. India was the largest provider of untied support in 2021 with \$5.8 billion and another four countries - Korea, Canada, Australia, and Japan providing untied support of around \$2 to 3 billion.

Figure 8: Investment Support from Select ECAs (USD Billions)

Year	China	Japan	Korea	Canada	Other OECD ECAs	All Other ECAs
2015	48.6	31.6	2.1	5.7	5.0	0.0
2016	51.4	23.2	5.5	3.8	7.0	1.3
2017	44.7	21.0	7.3	4.7	2.9	1.3
2018	22.0	18.2	9.4	5.5	4.6	0.7
2019	23.1	19.4	6.9	5.5	7.8	0.2
2020	18.2	36.9	7.5	6.4	4.4	0.4
2021	13.2	29.9	8.6	4.9	5.7	0.2

Sources: EXIM, bilateral engagement, annual reports

Figure 9: Untied Support by Select ECAs (USD Billions)

Year	Australia	Canada	India	Japan	Korea	All Other ECAs
2015	0.0	1.1	0.0	1.3	7.7	5.4
2016	0.0	6.6	0.0	1.5	6.8	4.6
2017	0.0	6.5	0.0	0.6	1.0	5.6
2018	0.0	4.6	0.0	1.1	0.4	5.8
2019	0.1	4.7	0.0	2.0	5.2	11.1
2020	0.2	2.2	3.2	1.6	4.0	3.7
2021	2.1	2.3	5.8	1.8	3.1	2.5

Sources: EXIM, bilateral engagement, annual reports

¹⁸ Over the course of a few decades, Japan (and particularly JBIC) has shifted from an export credit-centric model, to one focused primarily on providing investment support. This is in line with JBIC's mission to support Japanese companies engaging in various types of international business, rather than just supporting Japanese exports.

Market Windows

A market window program is an officially backed financing program with pricing on commercial market terms and is, as such, not subject to Arrangement disciplines. EXIM's Charter places a special focus on market window programs and mandates that this report cover them since this was a key competitive issue 20 years ago.¹⁹ As such, EXIM has continued to monitor market window activity of OECD ECAs, although use everywhere (except for a unique program in Belgium) has declined to minimal levels of activity. Market window support remained low in 2021 – slightly down from 2020 – and was all provided by Belgium and Canada (see Figure 10).

Figure 10: Market Window Activity by ECA (USD Billions)

Year	Belgium	Canada
2015	0.0	1.7
2016	0.0	0.3
2017	0.0	2.7
2018	2.8	1.4
2019	2.8	1.3
2020	2.7	1.2
2021	2.6	0.6

Source: Bilateral engagement

Development Finance and Blended Finance

Some ECAs collaborate further with other parts of their respective governments in order to provide comprehensive coverage that combines official financing with various levels of concessionality: blended finance.²⁰ This approach requires a high degree of coordination and cooperation between government entities, potentially including financing from development finance institutions (DFIs), and inherently shows that ECAs are a part of wider government strategy.

Development finance, provided by bilateral development finance institutions (DFIs), encourages private sector entities to do business in foreign developing markets for developmental purposes. While development finance is untied, many DFIs have "national interest" mandates similar to those of many ECAs, or initiatives aimed at supporting domestic exporters. In any case, it should be highlighted that the United States' DFI, the U.S. International Development Finance Corporation (DFC), continues to provide development finance only of an untied nature. DFI activity is included in trade-related financing as U.S. exporters continue to report foreign exporters have DFI support in their financing packages. DFI activity was slightly up in 2021 compared with 2020, but despite its use in trade-related financing, is not viewed by most market participants as a competitive threat. This highlights the view of DFI financing as a flexible option that may be used as a strategic tool by its government to provide financing due to the fewer rules associated with this less transparent method of financing.

"Blended finance is the newest way to compete with China. France, UK, Canada, and Netherlands are using this whole of government approach to beat China. Feasibility study grants, ECA financing for the equipment or project, DFI loans for equity investments, aid money for ancillary elements (e.g. storage tanks and pipes for a water deal)." – Survey Respondent

"The French were able to win a bid against the Chinese on a water treatment project by offering a blended finance package ..." - Exporter²¹

"We are aware of a number of countries, including France, Austria, the Netherlands, Japan, Korea and China that provide both tied and untied concessional finance schemes for which we do not have an equivalent." - Graham Stuart MP, Minister for Exports, Department for International Trade, United Kingdom²²

^{19 12} U.S.C. § 635g-1(a)(1)

²⁰ See Glossary for additional description.

²¹ EXIM Exporter Focus Group, March 2022.

²² https://committees.parliament.uk/oralevidence/2437/html/

Conclusion

Official MLT export credit volumes fell by \$12 billion in 2021 while official trade-related activity fell by \$9 billion (as seen in Figure 11), resulting in an overall total decline in export and trade-related activity of \$21 billion, or roughly 11 percent. Overall, trade-

related activity is still above the level of MLT export credits in 2021, similar to 2020. However, it is clear that export credits and trade-related financing are on separate paths – while MLT trade-related financing has remained more-or-less consistent since 2012, MLT export credits have declined by more than 50 percent over the same time period.

Figure 11: Official MLT Export Credits vs. Official MLT Trade-related (non-Export Credit) Financing from the OECD and non-OECD Countries



Sources: EXIM, bilateral engagement, annual reports

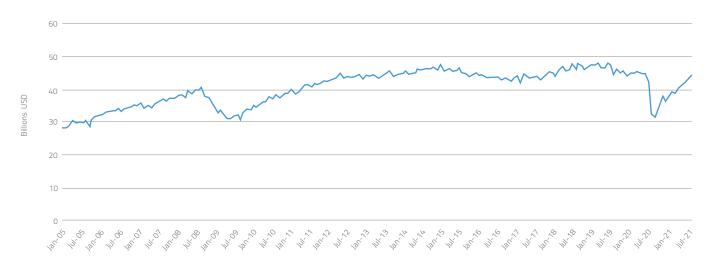
Ongoing Recovery of the Global Official Export Finance Market

Introduction

In 2021, global trade volume rebounded as the world, with a limited COVID-19 vaccine rollout, grappled with the lingering impact of the COVID-19 pandemic.²³ With respect to U.S. exports specifically, U.S. capital goods exports dropped 31 percent from November 2019 to May 2020, a drop more severe than during the Global Financial Crisis (GFC) and in half of the time (as shown in Figure 12). However, U.S. capital goods exports were able to recover 99 percent of the COVIDrelated losses by the end of 2021, showing signs of an almost complete recovery.

However, while the U.S. market seems to have reached pre-pandemic levels based on various indicators, the economic recovery from COVID-19 has been uneven and fitful due to the continued outbreaks of COVID-19 variants globally. Despite this, some ECAs were able to return to traditional official MLT export credit business by "hitting play" on paused transactions that entered their pipelines pre-pandemic.²⁴ Other ECAs experienced a slowdown in MLT business due to stalled large transactions primarily in the transportation sector, increased country risks, and less demand from foreign buyers grappling with debt.²⁵

Figure 12: Seasonally Adjusted U.S. Capital Goods Exports (2005 – 2021)



Source: U.S. International Trade in Goods and Services, Bureau of Economic Analysis

²³ WTO | 2021 Press Releases - Global trade rebound beats expectations but marked by regional divergences - Press/889

²⁴ Euler Hermes Federal Export Credit Guarantees Interim 2021 report – published Sept 2021

²⁵ G12 meeting, October 2021.

ECA Specific Developments

Besides MLT business, many ECAs extended the deadlines on their emergency support (e.g., working capital, supply chain finance, and domestic programs) until at least the end of 2021, and some support measures became permanent. While some observed an uptick in the use of domestic-related support in 2021 (UKEF) or have introduced these programs this year (SACE), other ECAs have indicated that they will begin to phase out these programs by 2022 (EDC).²⁶

The United States still saw a need from U.S. exporters for EXIM's COVID-19 Temporary Relief measures and, as such, they were extended through April 2022.27 Moreover, in reaction to the pandemic's impact on supply chains, in February 2021, President Biden signed Executive Order 14017, directing the United States Government to adopt a whole-ofgovernment approach to building more resilient, diverse, and secure supply chains that ensure economic prosperity and national security. On June

8, 2021, the White House released a subsequent report that recommended EXIM develop a proposal for Board consideration regarding whether and how to implement a new Domestic Finance Program to support the establishment and/or expansion of U.S. manufacturing facilities and infrastructure projects in the United States that would support U.S. exports. The proposal would support and facilitate U.S. exports while rebuilding U.S. manufacturing capacity. EXIM was on track to present the Make More in America initiative to its Board for approval in Spring 2022.²⁸

Overall, ECAs are still grappling with the follow-on impacts of COVID-19 on their economies. ECAs again acted as a countercyclical force in the export finance market. Although overall levels of official MLT export finance have decreased, ECAs are expanding their role in the domestic arena to support their own economies through the crisis. In 2021, while the global economy continued its sporadic recovery, ECAs pivoted to a post-COVID future.

²⁶ G12 Meeting, October 2021.

²⁷ EXIM Board Extends COVID-19 Temporary Relief Measures Benefiting Small Business, Transportation and Other Exports Through April 2022 | EXIM.

²⁸ https://www.whitehouse.gov/briefing-room/statements-releases/2021/06/08/fact-sheet-biden-harris-administration-announces-supply-chaindisruptions-task-force-to-address-short-term-supply-chain-discontinuities/

The New Era of Official Export Finance

Overview

In 2021, a considerable number of ECAs appeared to be rethinking their approach to official export finance through various national policy-driven and ECAspecific changes. The major areas of evolution include:

- **OECD Developments:** In 2021, several updates to the OECD Arrangement introduced export credit support flexibilities (local cost increase and a temporary cash payment decrease) that enhance OECD ECAs' ability to compete with non-OECD ECA MLT financing. Moreover, Participants began official negotiations on a potentially fundamental restructuring of the rules of the Arrangement ("Modernization").
- Climate-related Programs and Enhancements: ECAs are actively updating their approaches to increase support for climate-friendly projects based on national policies and global efforts to promote climate finance. Many ECAs have emphasized their intent to expand support for clean energy projects and provide transition support for less climatefriendly industries they have supported in the past.
- New Financing Capabilities and Increasingly **Proactive ECAs:** ECAs also enhanced their product offerings to address the needs of exporters or potential exporters. In 2021, EXIM observed that a substantial number of ECAs became more proactively involved in their governments' national economic and trade goals.

OECD Developments

Over the past few years, there has been increased pressure to amend and review the OECD Arrangement due to competition from non-OECD ECAs. Formed in 2012, the International Working Group on Export Credits (IWG) aimed to develop new rules for export

credits and replace the Participants to the current Arrangement with a broader group that would include OECD Participants and non-OECD Members. However, with the suspension of the IWG's work in 2020,²⁹ the export finance market has taken a comprehensive look at the Arrangement to assess how ECAs can better compete with non-Arrangement compliant financing and can adapt to the current proactive stance of ECAs and economic realities of transactions. In 2021, export finance market participants made overt requests that the OECD Participants reconsider the entire scope of the Arrangement versus updating individual sections or clauses on an ad hoc basis (how the Arrangement is typically reviewed and changed).³⁰ While there seems to be an increasing appetite for a wholesale revision of the Arrangement, it did not occur in 2021. However, three major updates were made.

- 1. Local costs in excess of 30 percent of the export contract are increasingly needed in large-scale turnkey projects in developing markets. While these costs could be financed without ECA cover, ECAs with untied programs were able to offer this support, thus raising the competitive edge of those ECAs.³¹ To re-level the playing field as it relates to local costs, effective April 20, 2021, the OECD Arrangement cap on official support for local costs increased from 30 percent of the export contract value to 40 percent of the export contract value for high income³² OECD countries and up to 50 percent of the export contract value for all other countries.33
- 2. During the Leaders' Summit on Climate in April 2021, the U.S. committed to seeking to end international investments in, and support for, carbon-intensive fossil fuel-based energy projects. U.S. departments and agencies worked with other countries, through bilateral and multilateral

After seven years of intensive negotiations, the positions of the members were significantly divergent with respect to commitments on core issues, transparency in particular.

³⁰ ExCred Digital, March 2021.

³¹ FINAL-Joint-business-position-on-Covid-19-and-Export-Credits-1.pdf (biac.org)

Also known as Category I countries. Defined by the World Bank on an annual basis according to per capita GNI. https://datahelpdesk.worldbank.org/ knowledgebase/articles/906519-world-bank-country-and-lending-groups

³³ https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=tad/pg(2022)2&doclanguage=en

forums, to promote the flow of capital toward climate-aligned investments and away from highcarbon investments. Treasury, in partnership with other OECD countries and other U.S. government departments and agencies, spearheaded efforts to modify the OECD Arrangement to limit official export credit support for the financing of unabated coal-fired power plants. At the same time, the Export Finance for the Future (E3F) initiative launched in Europe, committing to ending official trade and export finance directed to unabated coal power, coal-related infrastructure, including mines as well as storage and transport infrastructure, and develop national plans to assess how best to phase out support to fossil fuel sectors, among other things.34 Furthermore, the G7 leaders committed in June to end new direct government support for unabated international thermal coal power generation by the end of 2021.35 These drivers resulted in the Participants to the Arrangement reaching an agreement on banning official export credit support for unabated coalfired power plants in October 2021.

3. In November 2021, a Common Line was issued from the OECD Participants, proposing to

temporarily lower the down payment requirement to 5 percent for sovereign buyers in Category Il³⁶ countries with a guarantee by the Ministry of Finance or the central bank. This temporary provision is valid for applications received by November 4, 2022, that reach final commitment within 18 months of this date. The measure was put in place to ease fiscal pressure on lowand middle-income countries which, due to the COVID-19 crisis, were losing access to down payment financing due to a drawback from the private sector in covering these risks. However, the private sector has subsequently raised concerns about this measure, saying that it competes with their business and is not appropriately tailored for the rare occasions when it may be needed.³⁷

The changes to the OECD Arrangement that have been put into place in 2021 have raised the market's expectations that OECD Participants will be able to fundamentally "modernize" the Arrangement in the near future. Figure 13 shows the provisions that are most popular among surveyed market participants for reform, with the top desired reform being to lower premium pricing for projects with positive social and/ or environmental impacts.

Figure 13: Most Popular Potential Changes to the OECD Arrangement

Desired Change	% of Respondents
Lower minimum premium pricing for projects that achieve positive social/environmental impacts	53
100% cover when commercial debt/insurance is not available for the 15% down payment	48
Longer tenors for social infrastructure sectors (i.e., housing, health, water)	38
Further adjustments to local costs coverage	32
Premium calculation methodology changes for longer tenors	31
Harmonization of definitions and frameworks	25
Broad integration of SDGs and the Paris Agreement objectives in the Arrangement	22
Reduction or complete removal of support for coal-fired power generation	13
Other	8
Reduction of complete removal of support for oil and gas projects	7
Don't know	7
I don't believe the Arrangement needs changing	3

Source: "Market Calls for Change - Cut the Minimum OECD Premium for ESG Projects," TXF, March 18, 2022

³⁴ https://www.tresor.economie.gouv.fr/Articles/2021/04/14/seven-countries-launch-international-coalition-export-finance-for-future-e3fto-align-export-finance-with-climate-objectives#:~:text=Leading%20by%20example%2C%20the%20E3F%20coalition%20aims%20at,to%20 exporters%E2%80%99%20projects%20compatible%20with%20Paris%20Climate%20Agreement.

³⁵ https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/coal/061321-g7-pledges-to-end-support-for-unabated-coal-byend-of-2021

³⁶ All countries that are not Category I countries (i.e., non-high-income countries)

Thompson, Felix, "Private sector flags concerns over new OECD down payment rules," Global Trade Review, December 15, 2021, Private sector flags concerns over new OECD down payment rules | Global Trade Review (GTR) (gtreview.com).

Climate-related Programs and Enhancements

In 2021, ECAs were increasingly focused on implementing climate-related programs. In particular, many ECAs are instituting green or climate standards as part of a whole-of-government climate strategy. Additionally, numerous ECAs have pivoted their domestic programs in response to the COVID-19 pandemic to help build up their economy's industrial base in climate-focused industries or green their economy more broadly. While these programs and policies may not directly impact MLT activity in 2021, it highlights the primary role that ECAs are now expected to play in the green transition: export capacity builders for their respective economies.

Sustainable MLT Programs and Enhancements

The development of new official export and traderelated financing capabilities geared towards sustainable finance is becoming prevalent and many ECAs are working to provide options to their customers to move into the sustainable finance arena. Numerous ECAs implemented programs, enhancements, and standards relating to climate in 2021. These changes were part of the increased ambition and worldwide push to lower global emissions in 2021, particularly in advance of COP26. These changes relate to competitiveness as they display how flexible ECAs are willing to be in order to finance these transactions and support the supply chains and exporters of climate-related goods and services in their own countries.

ECAs such as UKEF conveyed its strong interest in supporting sustainable projects and are pulling its available levers to do so. Following UKEF's announcement in 2020 to stop supporting fossil fuel transactions - a policy that took effect on March 31, 2021 –³⁸ UKEF emerged from the pandemic seemingly focused on rebranding itself as the "greenest" ECA. UKEF's website notes "UKEF is positioned as the go-to Export Credit Agency (ECA) for overseas borrowers for clean growth and sustainable finance." UKEF also advertises "a flexible policy on UK content," and recently established its Clean Growth Direct Lending Facility – all new developments in the

past couple of years.³⁹ In 2021 alone, UKEF received a 20 percent budget increase linked to its sustainable finance objectives, released its Climate Change Strategy, set a goal for carbon neutrality, and – as the UK hosted COP26 in November-led the conversation about further restricting official export credit support in the fossil fuel sector. 40

Other ECAs have also decreased their content policies for transactions that can qualify as green transactions or climate deals. For example, Bpifrance has instituted a "climate bonus" that allows for the French content to be as low as 20 percent to receive financing equal to 85 percent of the contract's export value (the standard French policy would require double that amount of French content).⁴¹ However, most changes in 2021 from ECAs were on sustainable domestic finance, not sustainable export credit support.

Sustainable domestic finance

While previously discussed developments focused on increasing sustainable ECA activity through export credit support, in 2021, ECAs also emphasized sustainability through domestic support. As discussed in the 2020 Competitiveness Report, in response to the COVID-19 pandemic, many ECAs focused on domestic activity to support their industrial base. In 2021, this focus pivoted to building up domestic capacity to feed into sustainable sectors and greening their industrial bases more broadly. The end result of this focus is building an export base that can meet the requirements for ECA support in buyer credit transactions and meet the high and urgent demand for the global transition away from high-emissions technologies.

For example, UKEF's Transition Export Development Guarantee (EDG) incentivizes companies that are not eligible for a standard EDG to assist in their transition away from fossil fuels. It requires exporters to have a credible Climate Transition Plan, which is deemed credible by an independent consultant. It must also demonstrate that the exporter is actively transitioning away from fossil fuels. The major incentive of the Transition EDG is: "The loan interest rate will be linked

³⁸ https://www.gov.uk/government/publications/how-the-government-will-implement-its-policy-on-support-for-the-fossil-fuel-energy-sector-

³⁹ https://www.gov.uk/guidance/uk-export-finance-and-clean-growth#cgdlf

⁴⁰ https://www.gov.uk/guidance/uk-export-finance-and-clean-growth#cgdlf

⁴¹ https://www.bpifrance.com/content/download/890/file/Q&A Climate bonus.pdf

to achieving goals set out in the company's Climate Transition Plan. Where the agreed goals are not met or in certain other circumstances, the interest rate will be increased. If the company exceeds the goals in the transition plan, then the loan may allow for an interest rate reduction."42

UKEF approved its first Transition EDG in August 2021, supporting Wood Plc by providing the company with an 80 percent Transition EDG to "enhance its clean growth plans."43 Under the agreement, Wood commits to increasing its clean growth portfolio and significantly reducing its greenhouse gas emissions over the five-year tenure of the facility and increasing its clean energy growth portfolio over the next five vears.44

In Italy, SACE introduced its "green guarantees" in 2020, earlier than most ECAs, and noted they intend "to finance projects that aim to facilitate the transition to an economy with a lower environmental impact, integrate production cycles with low-emission technologies for the production of goods and services and promote mobility with lower polluting emissions."45 According to its website, SACE has provided roughly half a billion dollars under its green guarantee program to date.

In September 2021, Sweden's ECA, EKN, launched its own Green Guarantee in order to facilitate financing of green exports.46 This new guarantee covers risk up to 80% (previously 50%) for companies "with direct or indirect exports that contribute to the climate transition."

In September 2021, Atradius, the Dutch ECA, launched its Green Cover, under which it can support green domestic investments for companies with export potential. "Green cover is for Dutch companies that want to invest in new green technologies or

production capacity for green capital goods or projects. The cover is meant for companies leading the energy transition through innovation while expanding their international reach through export." Atradius's website notes that the premium and other terms and conditions of the Green Cover are "in line with the market."47

Shifting official finance away from carbon-intensive projects

The ECA shift away from carbon-intensive projects was, prior to 2020, primarily correlated to the ECA's domestic industrial base. For example, those countries that already had a sustainability-focused industry (i.e., wind), had ECAs that were more likely to implement climate policies than countries that had a high-emissions technology-focused industry (i.e., oil and gas).⁴⁸ This differentiation of approach and underlying industrial base hindered progress for certain ECAs on shifting towards greener technologies. Market participants have suggested that ECAs are lagging behind the private sector in adopting policies to phase out support for fossil fuels and polluting activities.49

Leading up to COP26 in 2021, some ECAs announced climate-related targets. For example, in July, EDC announced a commitment to achieve net zero emissions by 2050.50 That same month, KEXIM announced its Environmental, Social, and Governance (ESG) roadmap, which included quantitative goals to provide \$159 billion in ESG loans and issue ESG bonds worth \$20 billion by 2030.51 In September, EKN and SEK formed a new Scientific Climate Council made up of climate, policy, and development experts to navigate the decarbonization of their portfolios.⁵² In October, JBIC, one of the Japanese ECAs, committed to reduce its operational emissions to net zero by 2030

⁴² https://www.gov.uk/government/publications/guidance-for-companies-transitioning-out-of-fossil-fuel-exports-applying-for-an-exportdevelopment-guarantee/guidance-for-companies-transitioning-out-of-fossil-fuel-exports-applying-for-an-export-development-guarantee

⁴³ https://cib.bnpparibas/wood-plc-receives-uks-first-transition-export-finance-loan/

⁴⁴ https://www.gov.uk/government/news/ukef-backs-landmark-430-million-green-transition-loan-for-wood-plc

⁴⁵ https://www.sace.it/en/about-us/our-commitment/sace-for-the-green-new-deal

⁴⁶ https://www.ekn.se/en/about-ekn/newsroom/archive/2021/press-releases/green-guarantee/

⁴⁷ https://atradiusdutchstatebusiness.nl/en/products/green-cover.html

⁴⁸ ICC White Paper

⁴⁹ https://www.bsg.ox.ac.uk/sites/default/files/2021-07/BSG-WP-2021-042_0.pdf

⁵⁰ https://www.edc.ca/en/about-us/newsroom/edc-net-zero-2050.html#:~:text=Export%20Development%20Canada%20(EDC)%20is,supported%20 by 20 sustainable 20 finance 20 objectives.

⁵¹ https://en.yna.co.kr/view/AEN20210701006600320

⁵² EKN and SEK establish a Scientific Climate Council | EKN

and achieve net zero emission in its finance portfolio by 2050.53 On COP26's Finance Day (November 3), EKF launched its net zero target, seeking to achieve it by 2045.⁵⁴ UKEF made a similar commitment in September, committing to be carbon neutral by 2050 as part of its new Climate Change Strategy.

On COP26's Finance Day, many countries, including the United States, committed to align their international public support – including official export credit support – towards the clean energy transition and end public support for the international unabated fossil fuel sector by the end of 2022 in the Statement on International Public Support for the Clean Energy Transition (COP26 statement).55 Exactly how individual ECAs implement this pledge and define the "limited" exceptions mentioned in the COP26 statement remains to be seen. Despite broad commitments at COP26 and as part of the E3F initiative, some ECAs have acknowledged that continued support for certain types of fossil fuel projects will be necessary for some years.

Additionally, in September 2021, China's President Xi Jinping pledged at the United Nations General Assembly that China will not build new coal-fired power plants abroad; however, it is unclear how this announcement impacts coal-fired power plants currently under construction or in design.⁵⁶ However, it is clear that this announcement is part of a wider Chinese policy initiative to integrate green standards as part of their overseas investment scheme.⁵⁷

The majority of ECAs are equipping themselves to usher in a climate-oriented and sustainable future. At this point, no one ECA is proving to be more competitive in this space, but time will tell how an ECA supporting its national industries as its country transitions to a lower emissions future will give it a leading edge in the export finance market.

New Financing Capabilities

While the majority of new financing capabilities were related to climate, there were two other major financing capabilities that were introduced in 2021 by UKEF (United Kingdom) and EFA (Australia).

These two new financing capabilities highlighted the strategic focus of both governments-- supporting the onshoring of export platforms (UKEF) and supporting more direct competition with China in the APAC region (Australia).

UKEF introduced multiple enhancements to its Export Development Guarantee in 2021. The only one not mentioned thus far in the report, the Export Investment EDG, allows companies to build up export capacity in the UK, with the goal of setting up an export platform. This enhancement seems to have the goal of producing results similar to the Long-Term Partnering Initiative that UKEF has with Boeing (see Box 2). Such a focus poses a competitive threat for other countries' multinational corporations that also have a UK presence (or have the capacity to set one up) as ultimately this type of support rewards a company's economic footprint in the UK and could result in investment shifting from their home country to the UK.

Box 2: UK Long-Term Partnership with Boeing

"2021 marks the five-year anniversary of the Long-Term Partnering Initiative for UK Growth and Prosperity between Boeing and the UK government across the aerospace, defence and space sectors.

The programme has been designed to increase UK exports to the US, increase volume of UK content on Boeing programmes and promote Boeing investment into the UK. The partnership has delivered significant achievements, including £11 billion supply chain spend with 300 suppliers, 500 supplier teams attending Boeing industry events and UK suppliers being selected for new Boeing programmes. It has also enabled £200 million investment in new infrastructure projects, including Boeing's first European manufacturing facility in Sheffield, and an 8-fold increase in R&D collaborations with SMEs." -**UK Export Strategy**

⁵³ https://www.jbic.go.jp/en/information/press/press-2021/pdf/1028-015365_1.pdf

⁵⁴ https://www.ekf.dk/en/about-ekf/ekf-s-organisation/news/2021/ekf-launches-net-zero-target-by-20

⁵⁵ Statement on International Public Support for the Clean Energy Transition - UN Climate Change Conference (COP26) at the SEC - Glasgow 2021

⁵⁶ https://www.pv-magazine.com/2021/09/23/china-pledges-not-to-build-new-coal-plants-abroad-questions-remain/

⁵⁷ http://www.chinadaily.com.cn/a/202108/09/WS611066b4a310efa1bd667753.html

Export Finance Australia (EFA) was given two new financing capabilities in 2021. First, in June, EFA was given the ability to provide equity finance in certain circumstances.58 Second, in September, the Australian government established an EFA-managed \$2 billion loan facility for Australian critical minerals projects.59 These two initiatives highlight the increased role of EFA in strategic competition with China under the current government. Such actions show that countering Chinese official financing remains a strategic and competitive priority to at least one country outside of the United States.

Increasingly Proactive ECAs

In recent editions of the Competitiveness Report, EXIM has described how ECAs are becoming more integrated in their national economic strategies. This trend continued in 2021, with three applications of note: whole-of-government approach, ECA partnerships, and overseas presence.

Whole-of-government approach

In 2021, several ECAs continued to build on their whole-of-government collaboration, working with other parts of government to become a "one-stop shop" for clients and to maximize efficiency. Multiple press accounts and anecdotal evidence point to foreign government coordination efforts aimed at expanding their exporter's footprint into emerging markets. Specifically:

• In preparation for President Biden's Climate Summit, EXIM began to work together with its sister agencies, the Development Finance Corporation, and the Trade Development Agency, to identify ways in which they could work together to advance U.S. trade and export promotion, particularly with respect to climate change mitigation technologies.

- From July 1, 2022, GIEK and Export Credit Norway merged to become Export Finance Norway (Eksfin)⁶⁰. The merger is part of a larger redesign around export promotion and export credit financing to yield a more accessible, efficient, and user-friendly ECA.61
- The Export-Import Bank of Korea (KEXIM) announced on April 5, 2022, that it signed a memorandum of understanding (MOU) with Korea Trade Insurance Corporation (K-sure) to form and operate "K-ECA financial support open platforms."62
- Denmark's ECA, EKF, has announced a plan to be merged with the Danish Growth Fund (Vaekstfonden) and the Danish Green Investment Fund, into a new investment fund (Denmark's Export and Investment Fund) so that Danish companies can access "more effective and manageable financing" for all stages of a business' development.63 This change requires legislative changes which are still pending.⁶⁴ If finalized, it would allow streamlined access of financing support from Denmark to its companies for growth, green transition, and exports.

Such steps to centralize where a borrower can obtain a comprehensive financing package are continually reported by the exporting community as a critical factor in a borrower's procurement decision. Streamlining and simplifying the financing package undoubtedly gives an ECA a competitive edge vis-àvis ECAs with more decentralized approaches.

ECA partnerships

• There was a much more nuanced perspective on China's role in the export finance market in 2021. There were market reports that China's ECAs were taking a more cautious approach to lending and that Chinese contractors were being encouraged to seek financing from European banks and export

⁵⁸ https://www.exportfinance.gov.au/newsroom/export-finance-australia-s-equity-power-will-enable-better-support-for-overseas-infrastructuredevelopment-and-export-related-australian-businesses/

⁵⁹ https://www.exportfinance.gov.au/newsroom/backing-australia-s-critical-minerals-sector/

⁶⁰ New Norwegian export credit agency Eksfin begins operations - Maritime News Article By ShipInsight Editorial

⁶¹ New Norwegian export credit agency Eksfin begins operations - Maritime News Article By ShipInsight Editorial

⁶² https://www.koreaexim.go.kr/site/program/board/basicboard/ view?currentpage=2&menuid=002001008001&pagesize=16&boardtypeid=284&boardid=63944

⁶³ https://www.ekf.dk/en/about-ekf/ekf-s-organisation/news/2021/ekf-denmark-s-export-credit-agency-will-be-part-of-danmarksinvesteringsfond

⁶⁴ https://www.ekf.dk/en/about-ekf/ekf-s-organisation/news/2022/ekf-to-become-part-of-denmark-s-export-and-investment-fund

- credit agencies. ^{65,66,67,68} Several European ECAs (e.g., UKEF, Euler Hermes, CESCE) made comments that minimized the competitive threat of China, including suggesting that partnership with China is a constructive way forward for financing mega-projects. ⁶⁹ Multiple OECD ECAs including Euler Hermes, JBIC, SACE closed financing on projects where Chinese ECAs also provided financing. ⁷⁰ UKEF also put together a structure to pair UK quality management with cost-effective Chinese construction on projects that use Chinese engineering, procurement, and construction companies (EPCs). ⁷¹
- In 2021, EKN provided official MLT financing to several deals in sub-Saharan Africa where it partnered with the Development Bank of Southern Africa (DBSA) and the Export Credit Insurance Corporation of South Africa (ECIC), which provided financing for the required 15 percent down payment.^{72,73} This structure was used in Angola for solar installations and in Ghana for hospitals and a railway.^{74,75,76} This is a competitive issue since EKN has found a way to work with non-OECD ECAs to provide 100 percent cover for projects reported to be a key factor in borrowers' selection of a winning bid.⁷⁷
- In June 2021, the G7 announced the "Build Back Better" World (B3W) initiative, which is focused on meeting the infrastructure needs of lowand middle-income countries. This global infrastructure initiative is characterized as a values-driven, high-standard, and transparent infrastructure partnership led by the G7 to help narrow the \$40 trillion infrastructure need in the developing world. The G7 and other like-minded partners will coordinate in mobilizing private-sector capital in four key areas climate, health and health security, digital technology and gender equity and equality.
- The EU Global Gateway strategy, a complement to the G7 B3W initiative, was launched in December 2021 by the European Commission and the High Representative for Foreign Affairs and Security Policy with the goal to mobilize up to €300 million between 2021 and 2027 in digital, energy, transport, health, education, and research sectors across the world.⁷⁹ As part of this initiative, the EU is exploring creating a European export credit facility to complement existing export credits of member states.80 Market participants think that an EU ECA would likely be focused on lending.81 However, until more information is announced, it is possible that such an entity could pose a competitive threat to non-EU ECAs, particularly if it offers additional trade-related financing or other financing outside the scope of the OECD Arrangement (i.e., down payment financing).

⁶⁵ https://www.scmp.com/news/china/diplomacy/article/3127608/blind-dumping-over-chinese-lenders-africa-focus-stronger?module=perpetual_scroll_0&pgtype=article&campaign=3127608

⁶⁶ https://www.scmp.com/news/china/diplomacy/article/3130988/why-chinese-construction-firms-will-remain-big-builders-africa?module=perpetual_scroll_0&pgtype=article&campaign=3130988

⁶⁷ https://www.gtreview.com/news/asia/china-exims-energy-lending-nosedives-beijing-weighs-ban-on-foreign-coal-financing/

⁶⁸ https://www.gtreview.com/news/global/chinese-contractors-in-africa-turn-to-europe-for-financing/

⁶⁹ TXF Global, October 2021.

⁷⁰ TagMyDeals data on Arctic LNG 2 Project and Bin Qasim Combined Cycle Power Plant.

⁷¹ UKEF Forum, December 2021.

⁷² TagMyDeals data: Ghana's Western Railway Line.

⁷³ ExCred International, November 2021.

⁷⁴ https://www.pv-tech.org/q-cells-supplies-modules-to-portion-of-370mw-angolan-solar-portfolio/.

⁷⁵ https://newsghana.com.gh/deutsche-bank-and-investec-to-finance-ghanas-railway-sector/

⁷⁶ http://www.businessghana.com/site/news/general/245621/EUR-215-million-agreement-to-finance-two-major-hospital-projects-in-Ghana

⁷⁷ EXIM Exporter Focus Group, March 2022.

⁷⁸ FACT SHEET: President Biden and G7 Leaders Launch Build Back Better World (B3W) Partnership | The White House

⁷⁹ EU Announces Global Gateway Strategy

⁸⁰ U Announces Global Gateway Strategy

⁸¹ ExCred Digital, March 2021.

Overseas presence

Other ECAs have expanded their presence in key markets. In particular, UKEF has expanded its international business development network to 15 Country Heads – adding coverage in the U.S., Egypt, Malaysia, and Philippines.82 Furthermore, EKF opened its first overseas offices in Singapore and New York in order to offer Danish companies a greater advantage by being close to key markets.83 SACE now has 11 offices located in other countries and are planning on starting matchmaking events in emerging markets to increase activity under their untied program (with the pilot event in Ghana).84,85 Sinosure has also opened an office in Dubai.86 Based on feedback from the exporter and lender focus groups, having business development officers in strategic international locations can give a very real "head start" to that country in winning a bid. The face time and ability to directly connect with decisionmakers on the ground can have a significant impact to getting an exporter's foot in the door.

"ECAs with an overseas presence go with the bank to meetings with the borrower – allowing them to be involved in the structuring earlier and use the entire Arrangement playbook." – Lender87

^{82 &}quot;UKEF boosts its presence in North America, Africa, and the Pacific," Press Release, UKEF, 14 October 2021.

⁸³ https://energywatch.com/EnergyNews/Policy___Trading/article12989550.ece

⁸⁴ ExCred International, November 2021.

⁸⁵ ExCred International, November 2021.

⁸⁶ https://mondovisione.com/media-and-resources/news/sinosure-becomes-first-chinese-insurer-to-open-regional-office-at-difc/

⁸⁷ EXIM Lender Focus Group, March 2022.

Section B

Exporter and Lender Views

Each year, EXIM conducts outreach and solicits feedback from exporters, lenders, and other export-credit practitioners through a variety of avenues. Notably, EXIM conducts a survey of exporters and lenders, as required by its Charter.⁸⁸ This section summarizes feedback received through the EXIM exporter and lender survey together with supplemental input collected using other methods of engagement. Feedback is divided by source and presented with direct quotes from exporters, lenders, and other export credit practitioners.

Overview

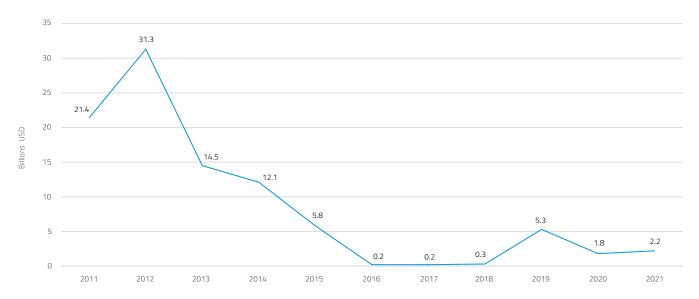
Each year, EXIM conducts outreach and solicits feedback from exporters, lenders, and other export credit practitioners through a variety of avenues. Notably, EXIM conducts a survey of exporters and lenders, as required by its Charter.89 To provide a more fulsome picture of the impact that EXIM's years of inactivity had on U.S. exporter competitiveness and to better inform the report's findings on the changes occurring at other ECAs during these years, EXIM supplemented its own survey findings with information collected through third-party surveys of export credit practitioners.

Additionally, EXIM, in collaboration with two industry groups (the National Association of Manufacturers and the Bankers Association for Finance and Trade), held focus groups with U.S. exporters and lenders. Industry association representatives explained that their comments regarding EXIM's competitiveness reflected the views of their members involved in medium- and long-term export finance.

The purpose of the focus groups and outreach efforts is to supplement survey findings with more detailed commentary from the lender and U.S. export communities. Many of the same points and issues identified in the survey were also emphasized during the in-person group discussions.

The survey was sent to 176 stakeholders who are familiar with EXIM and includes roughly 100 questions. EXIM received 44 responses of which, one-half were exporters, one-half were lenders. While this response rate is higher than in 2020, it is in line with the response rate of previous years when EXIM lacked a board quorum. 90 The response rate continues to reflect the shrinking number of respondents knowledgeable about EXIM's policies and practices (and how they measure up to other ECAs) due to continued low levels of MLT activity (see Figure 14). This was also evident in the topline results of the survey – 85 percent of respondents rated EXIM as "far less competitive" or "slightly less competitive" than other ECAs.

Figure 14: EXIM MLT Activity



Source: EXIM

^{89 12} U.S.C. § 635g-1(a)(1)

Although the 25% response rate is low, it is in line with the eroding response rate that EXIM began reporting during the years of EXIM inactivity in MLT business. For example, the response rate for the 2018 and 2019 survey was 25%.

Finally, EXIM gathers information from industry conferences, meetings with experts, and market reports to contextualize responses from exporters and lenders.

Key Points from EXIM's Survey and Focus **Groups**

Neither the lender nor the exporter focus groups had much praise for EXIM's performance in calendar year 2021. The focus of the discussion was that if EXIM does not quickly take drastic steps to change its mindset and approach, exporters may continue to decrease the U.S. content in their goods and services in order to obtain foreign ECA financing. Whereas ECAs in European and Asian countries approach exporters and lenders with a "complete the deal no matter what" philosophy, exporters and lenders reported that EXIM focuses on whether deals can check all pre-defined boxes, operates as a "lender of last resort," and employs an approach that is antagonistic to both exporters and lenders.

"Definition of competitiveness is a desire to do better - we need to see a stronger will to be competitive from EXIM." – Exporter

"EXIM is not on a level playing field - EXIM is not in a competitive position right now." – Lender

"Over the last seven years most clients do not want to work with US Exim as they are slow, bureaucratic, and far less creative. I have had clients ask to switch ECAs so they would not have to work with US Exim. The rates might be the same as other ECAs, but the approval process and obscure documentation requests are too much." -Survey Respondent

Below is a summary of the comments broken down by subject:91

Philosophical Approach: Exporters and lenders expressed numerous concerns about how EXIM has failed to keep up with the evolving practices of other ECAs. They made it clear that EXIM's stance as a

"lender of last resort" is archaic and does not reflect the ongoing reality in the export finance world where foreign ECAs try to be proactive market leaders. Exporters and lenders reported that European ECAs in particular have pressed forward with operational changes that reflect a desire to become leaders in their respective country's export strategies. Participants lamented that EXIM has increasingly put greater emphasis on additionality, making certain it is not taking business away from lenders or providing unnecessary support to exporters – an approach that is reportedly becoming too onerous in practice. They claimed the antagonistic mentality prevalent at EXIM is partially due to the politicized environment in which EXIM finds itself. Furthermore, when exporters and lenders come to EXIM, they feel as though they have to grapple with all of EXIM's political baggage without any of the whole-of-government support seen in other countries (including the UK, Italy, Canada, and the Netherlands).

"EXIM needs to recognize there is a reputational issue with EXIM in the market **right now** ... this is the chance with a new Chair and leadership that EXIM needs to respond accordingly." Lender

"Other ECAs work with exporters to find ways to do deals. EXIM is obsessed with its rules and is not forward leaning." - Survey Respondent

Reliability: EXIM political issues over the past few years (lapse in Charter and lack of Board quorum) have highlighted the unreliability of EXIM as a partner. Since EXIM has returned to the long-term export finance market, the situation has become more severe: exporters and lenders both stated that their reputations are on the line when they recommend EXIM financing to clients. Exporters and lenders both mentioned this was due to a transaction process that is complicated, unpredictable, and longer than foreign ECAs. To ameliorate this problem, participants said EXIM also needs to do a better job communicating with key stakeholders (exporters, lenders, U.S. government agencies) to better manage expectations.

⁹¹ These comments are a generalized summary reflective of the two-hour conversation that took place in each focus group. Phrases in quotation marks are exact quotes. Names and organizations have been anonymized, and participants were advised that this would be done in order to elicit the most candid feedback possible.

"I have a deal that I am losing money on every single day due to inflation and rising interest rates. It does not even really make sense for my company to do the deal anymore because of how long the approval process is taking." – Exporter

"EXIM is uncompetitive because the processing time has been drawn out ... [we] can't reliably tell a borrower how long the process will take and don't know if the deal will be approved." - Lender

"EXIM could benefit from looking at how to streamline the approval process. In particular, it can take 3 to 5 months for feedback on the viability of a deal, whereas other ECAs can respond within two weeks." – Survey Respondent

Risk Appetite: The participants all agreed that EXIM is not taking enough risk. Participants noted that EXIM's mandated default rate of 2 percent is well below that of commercial banks and other ECAs, which they believe has led to the agency's largely riskaverse approach to export finance. This approach was characterized as EXIM seeking "absolute assurance of repayment" instead of the Charter-mandated "reasonable assurance of repayment."

"EXIM's default rate would make banks around the world salivate." - Exporter

"Unless EXIM is willing to take more risk, CTEP is a 'nice to have.'" - Lender

"US EXIM appears more interested in having the lowest default rate amongst ECA's than in actually supporting and facilitating exports." -Survey Respondent

Local Costs: Based on a change in OECD rules, most ECAs have moved to covering 50 percent of local costs for deals, whereas EXIM still adheres to the outdated OECD ceiling of 30 percent. European ECAs are also using increasingly liberal definitions of local costs to close deals. EXIM is behind on implementing both the local costs changes as well as the temporary decreased down payment requirement from the OECD, which is leading to a competitive disadvantage.

"One client has moved four projects to UKEF **financing** because EXIM has not yet implemented changes in OECD rules on local costs and required down payment." – Exporter

"Not increasing local cost and decreasing cash payment makes it difficult to work with EXIM." -Lender

Content Policy: EXIM's medium- and long-term content policy is a top issue since it is challenging for exporters to meet. In order to be competitive, participants said that EXIM needed to shift to a "national interest" approach and look at factors beyond direct jobs to justify the 85 percent cover. U.S. exports are now being supported by foreign ECAs, not because EXIM is not able to do the deal, but because exporters prefer working with the other ECAs that take a more wholistic approach to content and that employ flexibilities EXIM will not (e.g., aforementioned local costs). One participant in the exporter focus group mentioned how their company was actively seeking support from a European ECA that was willing to support U.S. exports rather than turning to EXIM. This should be concerning to EXIM because while the U.S. content is being covered for now, it can lead to offshoring by these U.S. companies who may decide to expand their supply chains in foreign countries where they qualify for more support.

"Content is the most important aspect [that EXIM could take this year to completely change my view of its competitiveness]." - Lender

"Other ECAs proactively offer cover to a company solely based on their manufacturing footprint in country." – Exporter

"The content requirements under EXIM programs is the single most policy that deterred the maximum transactions. It resulted in few instances, taking the contract off shore in a subsidiary with related jobs going off shore." -Survey Respondent

Strategic Sector Focus: Participants in both focus groups mentioned how other ECAs have also done an excellent job of identifying core national industries and then prioritizing those sectors in their pipelines. For example, if the shipping industry within a certain country's economy is the key factor in expanding their export growth, that nation's ECA has likely developed policies to make certain the shipping industry receives priority treatment.

Domestic Finance: Despite the numerous criticisms both groups had for many of EXIM's current practices and behaviors, the proposed domestic financing initiative drew praise from both. Members of the lender focus group noted how financing support for domestic public infrastructure could be an effective way to improve EXIM's grassroots reputation and increase the agency's visibility. This aspect could turn out to be one of the main successes of the program, in addition to the resulting infrastructure improvements. Participants in the exporter focus group stated it was imperative for EXIM to approve this program and get it operating as quickly as possible. In fact, one participant said there were already six potential projects that could benefit from this program.

"[Lender] welcomes domestic program, but EXIM will need to consult the banks so the program will work." -- Lender

Personnel Changes: Some participants also noted how EXIM needs to re-build in-house expertise for transactions, including doing so by hiring staff with banking experience, which they noted would also help pivot EXIM towards a dealmaking mindset. Participants noted that there are certain sectors where EXIM has not done a deal in years, therefore the current underwriting staff may take much longer to process the deals and is not up to date on the latest financing structures. If EXIM could hire more underwriters that have experience with a wider range of transactions and project structures, the participants thought this could help EXIM take a leadership role in the market. Finally, there was also a brief discussion regarding the hiring of more overseas staff. Most competitive ECAs have international offices, which allows them to develop greater local market knowledge, perform business development, and give early input for structuring deals. EXIM was advised to explore this step, either itself or through developing a better whole-of-government approach with DFC or commercial service officers in U.S. embassies overseas.

"Business development in the region is very much the norm these days." - Lender

"Exporters/clients having to explain deal **structures** to EXIM is not helpful and speaks to how backwards the philosophy is." - Exporter

Key Points from Third-Party Survey

In order to receive broader feedback on its competitiveness. EXIM includes the results of a third-party survey in the Competitiveness Report. In addition to a broad benchmarking of EXIM compared to other ECAs, EXIM also received a detailed breakdown of insights from the borrower perspective - a key stakeholder group that EXIM does not include in its own annual survey. 92 Overall, the findings in both of these reports are broadly consistent with feedback EXIM received from both its exporter and lender survey and the focus groups.

⁹² Reports referenced are TXF Export Finance Research Report: Analysis of Market Opinion 2022 and TXF Export Finance Research Report: Borrowers and Buyers in Focus 2022.

However, EXIM wants to highlight the findings of the borrower- and buyer-focused report to complement the findings already presented in this report. Figure 15 shows the current ratings of ECAs by borrowers and buyers; EXIM receives its best ratings for speed of deal execution and customer service, with lower ratings on product offering, understanding clients' business, industry expertise, and appetite for sustainable deals. Furthermore, report authors pointed out the following needs of borrowers: (1)

greater flexibility and product innovation; (2) revised understanding of local content requirements; (3) faster deal execution and due diligence processes; (4) general cost reduction; (5) greater risk appetite; (6) greater promotion of ECA products and services. These themes are consistent with trends in export finance and signal which items ECAs need to work on in order to put together a competitive financing package for an export finance transaction.

Figure 15: TXF Export Credit Agency Heatmap

ECA	Speed Of Deal Execution	Product Offering	Understanding Of Clients' Business	Customer Service	Industry Expertise	Appetite For Sustainable Deals	Final Score
KSURE	4.67	4.00	5.00	4.67	4.50	4.50	4.56
CESCE	4.00	4.00	4.00	4.50	4.50	4.50	4.25
NEXI	3.50	4.50	5.00	4.00	4.50	4.00	4.25
Euler Hermes	3.94	4.44	4.13	4.19	4.38	3.94	4.17
UKEF	3.75	4.00	4.25	4.25	4.00	4.50	4.13
Sinosure	3.60	4.00	3.80	4.00	4.00	4.20	3.93
EKF	3.60	3.80	4.00	4.00	4.00	3.80	3.87
JBIC	3.50	4.00	4.00	3.75	4.00	3.75	3.83
OeKB	3.67	4.00	3.67	3.33	4.00	3.67	3.72
Bpifrance	3.75	3.50	3.75	4.00	3.50	3.50	3.67
US EXIM	4.00	3.50	3.50	4.00	3.50	3.50	3.67
SACE	2.80	3.75	3.50	3.75	3.25	3.50	3.43
Atradius	2.75	3.75	3.50	3.25	3.75	3.00	3.33

Source: Export Finance Research Report 2022, Borrowers and Buyers in Focus, TXF

Section C

Appendices

Required Charter Reporting and Further Reading

EXIM's Charter requires that the Competitiveness Report provide Congress with certain information, as reflected in the following appendices.⁹³ The appendices also provide readers with additional background on key policies or topics that impact EXIM's competitiveness vis-à-vis foreign ECAs and useful references for those who want to learn more about official export financing.

Appendix A: Primer on EXIM and Official MLT Export and Trade-related Finance

Appendix B: EXIM Actions to Provide Competitive Financing and to Minimize Competition in Government-supported Export Financing

Appendix C: Purpose of EXIM Transactions

Appendix D: Equal Access for U.S. Insurance

Appendix E: Tied Aid Credit Program and Fund

Appendix F: Co-financing

Appendix G: Renewable-Energy Exports/Environmental Policy

Appendix H: Services Exports

Appendix I: Size of EXIM Program Account

Appendix J: Export Finance Cases Not in Compliance with the Arrangement

Appendix K: Activities Not Consistent with the WTO Agreement

on Subsidies and Countervailing Measures

Appendix L: U.S. Flag Shipping Requirement

Appendix M: Trade Promotion Coordinating Committee

Appendix N: List of Known Official Export-Credit Providers

Primer on EXIM and Official MLT Export and Trade-related Finance

Introduction

Historically, the Competitiveness Report focused on the official export credit activity of the Group of Seven (G7) countries (Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States) as the G7 represented the majority of the export credit support—and therefore financing competition offered globally. However, over the past decade, EXIM has expanded its analysis to better capture the growing number of export-credit providers and multiplicity of export and trade-related products offered by other governments to understand the competitive implications of such programs on U.S. exporter competitiveness. The evolving picture is a complex export-finance ecosystem involving a range of agencies and programs aimed at defending or expanding export-related benefits to the ECA's country. Moreover, a growing number of ECAs are taking up new initiatives and working together with other official institutions that offer export and traderelated financing.

What is Official Export Credit?

An official export credit is a financing commitment to a foreign entity that is provided or supported by an official government source that is aimed at facilitating the cross-border purchases of goods or services, thereby deriving domestic economic benefits from increased exports. Official export credits are contingent upon an export sale from that government's country. In other words, they require a formal— even if minimal—amount of domestic sourcing and overseas sales.

EXIM's programs follow the rules set out by the OECD Arrangement on Officially Supported Export Credits. Originally agreed to in 1978 among a group of governments referred to as the Participants to the Arrangement (the Participants), the Arrangement outlines specific terms and conditions to provide for the orderly provision of export credits. Today, the Participants include Australia, Canada, the European Union, Japan, Korea, New Zealand, Norway, Switzerland, Turkey, the United Kingdom, and the United States. Non-Participant governments, such as China and India, are not covered by these rules.

The OECD Arrangement MLT export credit activity consists of support from OECD ECAs that is within the scope and complies with the terms of the OECD Arrangement. 94 This includes official support in the form of MLT insurance, guarantees, and direct loans. All transactions follow the transparency, pricing, and eligible flexibilities outlined in the OECD Arrangement. Non-OECD official MLT export credit activity consists of the major ECAs whose governments are not Participants to the Arrangement. As a result, these ECAs provide official MLT export credits outside the scope of the OECD Arrangement, and, while some of these ECAs aim to mirror Arrangement terms, they have the ability to be more flexible in the terms they

What is Official Trade-related Finance?

Official trade-related finance is government-backed MLT financing of trade between nations but is generally provided for purposes other than promoting exports and does not formally require a minimum amount of exports from a certain country.95 Similar to export credits, trade-related finance can take the form of loans, guarantees, or insurance, among other products. Export-credit support is subject to rigorous disciplines that afford it special protection within the World Trade Organization's rules framework. Other forms of trade-related programs, such as support for foreign investment, untied credits, market window, and DFI support, are not subject to export-credit disciplines, given that such support falls outside the scope of the OECD Arrangement disciplines. However,

⁹⁴ This includes Brazil, Russia, India, China, and South Africa (the BRICS countries). Brazil is a Participant to the Aircraft Sector Understanding.

⁹⁵ Trade-related finance is not to be confused with trade finance, which typically refers to short-term financing.

as U.S. exporters have reported facing competitors backed by these types of financing, they are included in this year's analysis. Notably, some of this financing is available to U.S. exporters to fill specific procurement needs for a given project. A description of each kind of trade-related support is outlined helow.

Investment Support: When providing investment support, an official government entity such as an ECA provides support to an investor (usually from that government's country) looking to acquire an equity stake in a company or project overseas. This typically occurs in one of two forms: political-risk insurance provided to an investor's cross-border equity investment, or debt financing provided to an investor to use for a cross-border investment. ECAs are one of many providers of this type of support. Asian ECAs provided the largest volume of investment support in the last few years.

Untied Financing: Untied financing is generally provided to support "national interests" and thus may or may not result in direct export support from the providers' country. To provide such support, the ECA requires some national interest components (e.g., offtake contracts; operation and maintenance contracts; taxes paid in the ECA's country or promises of future procurement from the ECA's country) rather than exports. This does not mean, however, that host country exports are not supported by such financing—only that there is no formal requirement for a minimum amount of domestic content that must be purchased with the financing provided. For example, a steadily increasing number of ECAs attempt to use untied programs to incentivize major companies to move their supply chain to their country to support future procurement rather than current export sales. Given the diverging approaches in using untied financing, its competitive implications vary widely.

Market Windows: In a market window program, an ECA offers pricing on the same terms as the commercial market. A market window does not necessarily result in lower financing costs compared with financing provided under the OECD Arrangement. However, market windows allow ECAs to have more flexibility on tenor, down payments, and risk premia because these programs are not covered by the Arrangement. EXIM's Charter places a special focus on market window programs and mandates that this report cover them⁹⁶. As such, EXIM has continued to monitor market window activity of OECD ECAs.

Development Finance: Development finance, provided by bilateral development finance institutions (DFIs), encourages private-sector entities to do business in foreign developing markets for developmental purposes. While development finance is untied, many DFIs have "national interest" mandates or related initiatives aimed at supporting domestic exporters, although this does not mean that DFI support is limited to national exporters. In the 2018 Competitiveness Report, EXIM outlined the changes in development finance activity over the past decade, including some European DFIs now providing tied export finance to support their countries' exporters. In subsequent editions of the Competitiveness Report, EXIM has noted changes in DFI activity. However, because DFI activity is not as transparent as ECA activity, it is difficult to adequately describe and quantify DFI activity and relevant trends in this product.

Note: The majority of all export and trade related finance (67 percent) is not formally tied to national exports and therefore is not part of the OECD's transparency provisions. This creates a particularly opaque landscape when gathering and analyzing data.

⁹⁶ U.S.C. § 635g-1(a)(1) "In this part of the report, the Bank shall include a survey of all other major export-financing facilities available from other governments and government-related agencies through which foreign exporters compete with United States exporters (including through use of market windows...

EXIM Actions to Provide Competitive Financing and to Minimize Competition in Government-supported Export Financing

Providing Competitive Financing

EXIM's Charter directs EXIM to "provide guarantees, insurance, and extensions of credit at rates and on terms and other conditions which are fully competitive with the Government-supported rates and terms and other conditions available for the financing of exports of goods and services from the principal countries whose exporters compete with United States exporters, including countries the governments of which are not members of the Arrangement."97 Section 8A(a) of the Charter requires EXIM to provide a description of the actions of the Bank in complying with these mandates.98

As described in the Introduction, EXIM follows the terms outlined in the OECD Arrangement. Under the Arrangement, EXIM has usually met its mandate to provide competitive financing. EXIM is able to offer the maximum repayment terms, minimum interest rates, and minimum premium rates the Arrangement allows. These factors vary depending on, among other things, country risk, the obligor's risk profile, the project's sector, etc.

Maximum repayment terms vary depending the income level of the borrower's country and the nature of the goods being exported. General transactions (i.e., those not covered by one of the Arrangement's Sector Understandings) qualify for a maximum repayment term of 8.5 to 10 years, with the lower

bound being the maximum term for transactions in High Income markets. Exceptions to the standard include: project finance (10 to 14 years); renewable energy and nuclear power plants (18 years); commercial aircraft (12 years); and rail infrastructure (12 to 14 years).99

The Arrangement also sets rules for the minimum fixed interest rate that Participants can offer when providing direct loans. The minimum rate, referred to as the Commercial Interest Reference Rate (CIRR), is based on the currency and tenor of the loan. The U.S. Dollar CIRR that EXIM offers for most direct loans is calculated by adding a fixed margin of 100 basis points to one of the following three yields (the base rates):100

- 1. Three-year U.S. Treasury bond yields for a repayment term up to and including five years,
- 2. Five-year U.S. Treasury bond yields for over five and up to and including 8.5 years, or
- 3. Seven-year U.S. Treasury bond yields for over 8.5 years.¹⁰¹

In 2021, Participants agreed to a new CIRR construction that will come into effect in mid-2023. The CIRR calculation was changed to become more market reflective, including by incorporating the disbursement period into the base rate and by adding a margin that varies based on the five-year swap spread.

^{97 12} U.S.C. § 635(b)(1)(A)

^{98 12} U.S.C. § 635g-1(a)

⁹⁹ More information on the detailed terms of the Arrangement can be found here: OECD, "Arrangement and Sector Understandings," http://www.oecd. org/trade/topics/export-credits/arrangement-and-sector-understandings/

¹⁰⁰ CIRRs for renewable energy and nuclear projects, and aircraft follow separate rules. More information on the detailed terms of the Arrangement can be found here: OECD, "Arrangement and Sector Understandings," http://www.oecd.org/trade/topics/export-credits/arrangement-and-sector-

¹⁰¹ OECD, "Arrangement on Officially Supported Export Credits – Construction of CIRR," http://www.oecd.org/officialdocuments/ publicdisplaydocumentpdf/?doclanguage=en&cote=tad/pg(2021)1

Section C | Appendix B: EXIM Actions to Provide Competitive Financing and to Minimize Competition in Government-supported **Export Financing**

As for premium rates, as the OECD explains, "Premium is charged in addition to CIRRs, as it is meant to cover the risk of non-repayment of the export credits. The Premium rates depend on the level of risk, which includes the country risk..., time at risk and the political and commercial risk covered."102

As mentioned, with respect to Arrangement rates and terms, EXIM has usually met its mandate to provide competitive financing. During 2021, there were differences in the terms and conditions available under the Arrangement and what EXIM could offer. Specifically, EXIM has yet to approve and implement the increase in allowable local costs and the temporary decrease in required down payment (see Chapter 3 in Section A and Section B for more information). Other ECAs are taking advantage of this discrepancy and using it as a marketing tool.

Over the past decade, however, the volume of official financing not covered by the Arrangement has increased significantly. Within the broader official finance market, EXIM faces considerable challenges facilitating a level playing field. EXIM cannot directly compare the terms and conditions it offers to the terms and conditions offered under these traderelated finance programs because information on these terms is not available. EXIM has anecdotal evidence that indicates the terms offered under these programs are more generous than those allowed under the Arrangement (e.g., longer repayment terms, lower interest rates, 100 percent financing).

Moreover, with the increasingly flexible domestic content requirements ECAs are using, for example, exporters and lenders have found the "other conditions" of EXIM financing (i.e., EXIM policies) to be generally uncompetitive. For more details on this feedback, see Section 2: Stakeholder Views.

Minimizing Competition in Governmentsupported Export Financing

The Charter also states that "The Bank shall, in cooperation with the export financing instrumentalities of other governments, seek to minimize competition in Government-supported export financing and shall, in cooperation with other appropriate United States Government agencies, seek to reach international agreements to reduce government subsidized export financing."103

In 2021, the primary international agreement to reduce government subsidized export financing was the October agreement of the Participants to the Arrangement to ban export credit support for unabated coal-fired power plants.

¹⁰² OECD, "Financing Terms and Conditions," http://www.oecd.org/trade/topics/export-credits/arrangement-and-sector-understandings/financingterms-and-conditions/

^{103 12} U.S.C. § 635(b)(1)(A)

Purpose of EXIM Transactions

Pursuant to Section 8A(a)(4) of EXIM's Charter, the agency gathers "a description of all Bank transactions which shall be classified according to their principal purpose, such as to correct a market failure or to provide matching support."104 Applicants indicate the reason for seeking EXIM support on their EXIM financing application. EXIM aggregates applicant responses into three main categories for reporting purposes: (1) to counter potential ECA competition, (2) to address private sector financing limitations, and (3) to address when the private sector is unwilling to take risks. Figure 16 below reports the listed primary purpose per transaction by program in 2021. Although only the primary purpose is reported here, applicants may cite multiple purposes. For MLT transactions, EXIM has reported broken out for both Investment

Grade (IG) and non-Investment Grade (Non-IG) markets. ST transactions are generally multi-buyer, so it is not possible to make a similar distinction for the ST table.

In late 2019, EXIM began a formal review of its proposed guidelines for determining additionality in MLT and subsequently sought public comments.¹⁰⁵ In May 2020, as a result of the formal review and received comments EXIM's Board of Directors unanimously approved guidelines to strengthen the agency's determination of additionality and a resolution which underscores "the importance of ensuring that EXIM provides competitive financing to U.S. exporters while supplementing, not competing with, private capital."

Figure 16: EXIM Transactions by Purpose, 2021

Short-Term (USD)

	Pote Compe			Sector ations	Private Sector Unwilling to Take Risk		Total	
	Volume	Count	Volume	Count	Volume	Count	Volume	Count
ST Insurance	\$-	0	\$871	1,446	\$278	442	\$1,149	1,888
Working Capital	\$-	0	\$1	2	\$826	124	\$827	126
TOTAL	\$-	0	\$872	1,448	\$1,104	566	\$1,976	2,014

Medium/Long-Term (USD)

	Potential Competition			Priva	ite Sect	or Limita	tion	Private Sector Unwilling to Take Risk			Total					
	Investment Non-Investment Grade Grade		Investment Non-Investment Grade Grade				Non-Investment Grade		Investment Grade		Non-Investment Grade					
	Volume	Count	Volume	Count	Volume	Count	Volume	Count	Volume	Count	Volume	Count		Count	Volume	Count
Long-Term Loan	\$73	1	\$70	1	\$-	0	\$-	0	\$-	0	\$-	0	\$73	1	70	1
Long-Term Guarantee	\$194	1	\$887	3	\$83	1	\$500	3	\$-	0	\$-	0	\$276	2	\$1,387	6
Medium-Term Loan	\$-	0	\$-	0	\$-	0	\$-	0	\$-	0	\$-	0	\$-	0	\$-	0
Medium-Term Guarantee	\$5	3	\$86	50	\$16	1	\$54	3	\$30	5	\$124	23	\$51	9	\$265	76
Medium-Term Insurance	\$-	0	\$34	11	\$-	0	\$-	0	\$10	3	\$12	11	\$10	3	\$46	22
TOTAL	\$272	5	\$1,078	65	\$98	2	\$554	6	\$40	8	\$136	34	\$411	15	\$1,768	105

Source: EXIM

104 12 U.S.C. § 635g-1(a)(4)

105 Additionality refers to the existence of reasons why a transaction would not go forward without EXIM's support.

Equal Access for U.S. Insurance

Section 2(d)(4) of EXIM's Charter requires the Bank to report in the annual Competitiveness Report those transactions for which the Bank had information that an opportunity to compete was not available to U.S. insurance companies. 106 Section 2(d)(2) of the EXIM Charter states that "the bank shall seek to ensure that United States insurance companies are afforded an equal and nondiscriminatory opportunity to provide insurance against risk of loss" in connection with long-term transactions valued \$25 million or more.107

At the time the legislation was enacted, EXIM had neither encountered nor been informed about any long-term transaction for which equal access for U.S. insurance companies was not afforded. Consequently, EXIM, the Department of Commerce, and the Office of the United States Trade Representative agreed that the establishment of a formal reporting mechanism was not necessary. It was also agreed that should EXIM identify any long-term transaction in which U.S. insurance companies are not allowed equal access, a more formalized procedure would be created. As of December 2021, EXIM had not identified any longterm transactions greater than \$25 million in which U.S. insurance companies were not allowed equal access.

Tied Aid Credit Program and Fund

Summary

Section 10(g) of EXIM's Charter requires EXIM to provide an annual report on several aspects of EXIM and foreign ECA use of tied aid. This appendix addresses:

- 1. The tied aid reporting requirements of EXIM's Charter: and
- 2. The competitiveness issues pertaining to the use of tied and untied aid because, in creating EXIM's Tied Aid Credit Program and Fund, Congress recognized in EXIM's Charter that tied and untied aid can be "predatory" methods of financing that can distort trade to the detriment of U.S. exporters.

In 2021, the total amount of OECD tied aid activity increased to approximately \$8.7 billion, a 67 percent increase from 2020 volume, which was likely flattened by the pandemic. Still, this level of tied aid is below volumes observed from 2016 to 2019, perhaps indicating continued pandemic impacts on 2021 tied levels. Although the degree and scope of competitive concerns have diminished since 1991 by the introduction of the OECD Arrangement rules on tied aid, U.S. exporters still report facing competitive challenges in certain markets and transactions that result from foreign aid offers, and, in particular, with respect to foreign tied aid offers.

A description of the current tied aid activity and competitive implications follows.

Overview and Background

Tied aid is concessional funding provided by a donor government that finances the procurement of goods or services from the donor country. Unlike export credits, tied aid is subsidized support and its terms are more generous than standard export credits. Therefore, tied aid can distort trade flows by inducing a buyer in the recipient country to make its purchasing decisions based on financial terms rather than the price and/or quality of the good/service. Tied aid providers pursue developmental and strategic objectives with the provision of tied aid.

Description of the Implementation of the Arrangement

Section 10(g)(2)(A) of EXIM's Charter requires EXIM to report on the implementation of the Arrangement rules on tied aid, specifically on the operation of the rules, including a description of the notification and consultation procedures. Competitive concerns and level playing field considerations led Participants to the OECD Arrangement to require tied aid providers submit notifications of tied aid offers to the Participants to the Arrangement 30 days in advance of the bid closing or commitment date. This prior notification allows OECD ECAs to review and, if needed, match foreign tied aid offers that are either noncompliant with OECD rules and/or compete with standard export credit support. Additionally, the OECD Participants have agreed to rules (also known as the "Helsinki Rules or Disciplines") that govern a subset of the broader tied aid actions – the most egregious subset from a trade-distorting perspective. Tied aid rules, referred to as "Helsinki-type" tied aid, were agreed to in 1991 under the Helsinki Disciplines and can be summarized as follows: (1) no tied aid for commercially viable projects; (2) no tied aid for uppermiddle income and high-income countries; and (3) no tied aid offers with less than 35% concessionality.

These disciplines and levels of transparency have worked well to reduce trade-distorting aid and redirect tied aid from commercially viable sectors to less viable, development-oriented sectors. As such, no tied aid offers have been challenged since 2009. Regarding consultation procedures, no tied aid projects have been examined by the Consultation Group on Tied Aid since the 2009 challenge. No tied aid matching offers were made in 2021. Finally, perhaps reflecting this low level of tied aid exchanges among OECD Participants, the notification procedures have not been amended.

Tied Aid and Blended Finance

In some countries, ECAs are responsible for tied aid programs. In other countries, aid agencies or other ministries are responsible for administering tied aid programs. Tied aid offers can take various forms:

- Grants
- Concessional loans: loans bearing a low interest rate, extended grace period, and/or a long repayment term
- Mixed credits: a grant provided alongside a standard export credit where the concessional funds are available only if the linked nonconcessional component is accepted by the recipient

The OECD rules take into account the various forms of support. That is, Participants use standard calculators to determine the Overall Concessionality Level (OCL) to ensure that tied aid offers meet the minimum concessionality levels.

Today, the term "blended finance" garners a lot of attention in the development community. Blended finance refers to a combined financing package that involves public and private financing, and/or that involves concessional and non-concessional financing. While tied aid disciplines apply to official institutions providing concessional funds to a public entity, it does not include support from official institutions to private borrowers and/or involving concessional and non-concessional financing from private sources. Blended finance is increasingly used as a concessional finance vehicle outside the scope of the Helsinki rules. Its increasing presence in emerging markets where ECAs are active has been referenced as a source of competitive concern for U.S. exporters.

Additionally, non-OECD ECAs are not subject to the tied aid rules of the Arrangement and reportedly pair official export credits with concessional financing that results in a more attractive financing offer to foreign buyers than an OECD-compliant financing package. Consequently, non-OECD ECA support has pressured OECD ECAs to "blend" concessional and nonconcessional financing support to achieve competitive financing packages. As a result, OECD ECAs have labeled comparable financing packages as "blended finance" (see example of Korea's use of blended finance in EXIM's 2018 Competitiveness Report).

EXIM Tied Aid Activity

Section 10(g)(2)(C) of EXIM's Charter requires a description of EXIM's use of the Tied Aid Credit Fund. In October 2020, EXIM established new procedures for the use of its Tied Aid Credit Fund. The "Reed-McIntosh Procedures," developed jointly by EXIM and the U.S. Department of Treasury, reflect legislative changes to the tied aid provisions in EXIM's Charter and bring the procedures up to date with the "letter and spirit" of those changes. EXIM did not use its Tied Aid Credit Fund in 2021.

Foreign ECA Tied Aid Activity

Section 10(g)(2)(B) of EXIM's Charter requires EXIM to provide a description of foreign tied aid activity.

OECD ECA Activity

The tied aid rules of the OECD Arrangement define four types of tied aid, described below with the related activity levels in 2021. Taken together, OECD member tied aid support reached a total of approximately \$8.7 billion in 2021, broken out as follows:

- 1. Tied aid that has a concessionality level of greater than or equal to 80 percent is considered highly concessional. This type of tied aid is more costly to the donor country and more closely resembles a grant than tied aid with a lower level of concessionality. As such, highly concessional tied aid is more developmental in nature and less likely to be trade-distorting. In 2021, highly concessional tied aid totaled \$3 billion, representing a 37 percent increase in volume from 2020 levels. The United States, through support from U.S. Agency for International Development (USAID), provided all highly concessional aid recorded at the OECD in 2021, as has been the case since 2016. The 2021 volume was the third highest since 2000.
- 2. De minimis tied aid is an offer of tied aid that has a value of less than 2 million SDR. Given the small transaction size, competitive concerns are nominal. In 2021, there were no de minimis tied aid notifications. In general, these transactions are rare; only one was reported in 2020.

- 3. Least Developed Countries (LDCs), as defined by the United Nations, are not a typical market for export credits, and, as such, are considered less likely to pose competitiveness implications. In 2020, tied aid to LDCs totaled \$1.4 billion, a 7 percent decrease from 2020.
- 4. "Helsinki" tied aid is the core type of tied aid and captures all other tied aid activity. Because Helsinki tied aid has the highest potential for competitiveness concerns and potentially negative implications for a level playing field, the Arrangement requires 35 percent concessionality and directs this type of tied aid to commercially non-viable projects. Helsinki-type tied aid increased by nearly 200 percent to approximately \$4.1 billion in 2021, approaching historic levels, albeit with significantly fewer transactions.

Although the OECD tied aid disciplines have helped diminish the degree and scope of competitiveness concerns by redirecting tied aid away from commercial projects in high-income markets to developmental projects in lower-income markets, these principles did not appear to drive the dramatic decline in tied activity that was observed in 2020. The record decrease in 2020 was an aberration, merely reflecting the extraordinary economic landscape during COVID-19. Tied aid activity normalized in 2021 to historic levels as did the tied aid trends.

Tied aid trends in 2021 include:

- Providers: Japan (\$1.9 billion) and Korea (\$1.6 billion) provided the most Helsinki-type tied aid in 2021, as they consistently have. Spain (\$200 million) was a distant third.
- **Recipients:** Asia continued to attract the highest volume of tied aid offers. Indonesia was by far the largest recipient of Helsinki-type tied aid in 2021, receiving \$2.1 billion. Egypt (\$450 million) and the Philippines (\$425 million) were the next biggest recipients in 2021.
- Sector: Almost \$3.3 billion (80% of all Helsinkitype aid) went to the Transport and Storage sector. Water and Sanitation (\$310 million) and Communications (\$270 million) were the next biggest recipients.

Non-OECD Tied Aid Activity

OECD tied aid rules and transparency requirements do not apply to tied aid offers from non-OECD countries. U.S. exporters have expressed competitiveness concerns regarding concessional offers from non-OECD countries, particularly China. China is likely one of the largest providers of tied aid. However, China's tied aid programs are poorly understood due to reporting opacity and other access barriers. Other non-OECD ECAs also provide tied aid financing that may pose a threat to the competitiveness of U.S. exporters. However, they have not been reported as posing a significant competitive threat in 2021. Finally, EXIM did not receive any applications for EXIM tied aid support in 2021.

OECD Untied Aid

In light of historical concerns regarding the de facto tying of aid, the Arrangement requires that governments report trade-related untied aid to the Participants to the Arrangement 30 days prior to the opening of the bidding period. Furthermore, due to competitiveness concerns, Participant countries have committed to reporting untied aid credits prior to and following commitment in their Agreement on Untied Official Development Assistance Credits Transparency. This agreement was first put in place in 2005.

Historically, a small subset of OECD countries has provided trade-related untied aid. These countries have provided untied aid volumes that have historically been higher than those of tied aid. Traderelated untied aid spiked significantly in 2020 due in large part to the pandemic. Trade-related untied aid decreased significantly in 2021, reverting to historic levels. France provided the highest volume of traderelated untied aid in 2021, followed by Japan and Germany; these countries historically provide the highest levels of trade-related untied aid.

"Alstom regularly gets tied aid from the French government in coordination with BPI.

This is a huge competitive advantage as most foreign procurement policies let you directly negotiate without a tender if there is tied aid or G2G (government to government) financing." – Survey Respondent

Co-financing

Section 8A(a)(7) requires that EXIM provide a description of the co-financing programs of the Bank and of the other major export-financing facilities.¹⁰⁸ Co-financing is a financing arrangement that allows EXIM to address some of the challenges that U.S. exporters face when an export contains content from multiple countries. Specifically, co-financing is a tool that streamlines official export credit support into a one-stop financing package (a guarantee or insurance policy) to support transactions that include content from the U.S. and one or more other countries. With co-financing, the lead ECA provides the applicant (buyer, bank, or exporter) with export credit support for a single transaction. Behind the scenes, the follower ECA provides reinsurance (similar to a counter-guarantee) to the lead ECA for the follower ECA's share of the export transaction.

EXIM currently has bilateral co-financing framework agreements with 16 ECAs (see Figure 17); these agreements allow EXIM to enter into co-financed transactions more readily with those ECAs. Additionally, EXIM can enter into one-off, casespecific co-financing agreements with other ECAs if no bilateral framework agreement is in place. While EXIM offers co-financing as a flexibility to U.S. exporters whose goods and services have less than 85 percent U.S. content,109 most foreign ECAs use cofinancing to manage their country-specific exposure limits.¹¹⁰ With limited exceptions, all G7 ECAs have co-financing framework agreements with each other and increasingly with a wider scope of ECAs that includes non-OECD ECAs.

Figure 17: List of ECAs with which EXIM has Bilateral Framework Agreements

	Country	ECA
1	Canada	EDC
2	United Kingdom	UKEF
3	Italy	SACE
4	France	BPIFrance
5	Czech Republic	EGAP*
6	Germany	Euler Hermes
7	Netherlands	Atradius
8	Denmark	EKF
9	Japan	JBIC
10	Japan	NEXI
11	Switzerland	SERV
12	Spain	CESCE
13	Australia	EFA
14	Israel	ASHRA
15	Turkey	Turk Exim*
16	Korea	KEXIM**

Source: EXIM

- EXIM always leads under the bilateral framework agreements
- EXIM's bilateral framework agreement with KEXIM is limited to cargo aircraft

^{108 12} U.S.C. § 635g-1(a)(7)

¹⁰⁹ EXIM will support the lesser of (i) 85 percent of the Net Contract Price, or (ii) 100 percent of the U.S. content.

¹¹⁰ EXIM does not have exposure limits by country or geographic region.

In 2021, EXIM provided \$555 million in financing towards transactions involving a reinsuring ECA. This figure represents EXIM's highest reported level of co-financing activity since 2015 and a 286% increase from its 2020 amount (\$144 million). Most of EXIM's

co-financing activity in CY 2021 was aircraft-related except for one transaction supporting the export of solar panels, as shown in the complete list of EXIM co-financing transactions (see Figure 18).

Figure 18: EXIM Co-Financed Transactions, 2021

No.	Co-financing ECA	EXIM Lead or Follow	Market	Sector	Financed Amount
1	SACE (Italy)	Lead	Brazil	Helicopters	\$25,500,096
2	EDC (Canada)	Lead	Mexico	Helicopters	\$15,624,671
3	SACE (Italy)	Lead	Brazil	Helicopters	\$12,642,560
4	SACE (Italy)	Lead	Mexico	Helicopters	\$25,752,412
5	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$846,881
6	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$840,702
7	UKEF (United Kingdom)	Follow	Multiple	Aircraft Engine Maintenance	\$12,829,495
8	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$844,713
9	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$1,084,107
10	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$1,138,310
11	EDC (Canada)	Lead	Chile	Agricultural Aircraft	\$1,784,247
12	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$963,052
13	EDC (Canada)	Lead	Paraguay	Agricultural Aircraft	\$869,119
14	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$957,336
15	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$1,024,416
16	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$835,170
17	UKEF (United Kingdom)	Follow	Multiple	Aircraft Engine Maintenance	\$5,932,022
18	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$1,333,897
19	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$848,223
20	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$1,313,171
21	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$1,457,260
22	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$841,920
23	EDC (Canada)	Lead	Uruguay	Agricultural Aircraft	\$931,421
24	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$1,069,535
25	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$838,384
26	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$853,446
27	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$822,471
28	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$1,073,976
29	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$874,794
30	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$846,753
31	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$1,897,716

No.	Co-financing ECA	EXIM Lead or Follow	Market	Sector	Financed Amount
32	EDC (Canada)	Lead	Ecuador	Agricultural Aircraft	\$1,084,427
33	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$1,049,936
34	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$849,921
35	UKEF (United Kingdom)	Follow	Multiple	Aircraft Engine Maintenance	\$7,076,310
36	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$962,041
37	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$1,390,072
38	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$1,884,570
39	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$1,374,560
40	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$1,094,103
41	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$1,044,722
42	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$972,590
43	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$842,502
44	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$998,774
45	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$842,978
46	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$1,348,036
47	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$1,007,028
48	EDC (Canada)	Lead	Ecuador	Agricultural Aircraft	\$801,366
49	EGAP (Czech Republic)	Lead	Paraguay	Agricultural Aircraft	\$1,053,872
50	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$1,034,224
51	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$937,298
52	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$998,762
53	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$952,765
54	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$1,210,119
55	NEXI (Japan); SACE (Italy)	Lead	Turkey	Large Aircraft	\$389,808,300
56	EDC (Canada)	Lead	Brazil	Agricultural Aircraft	\$1,356,009
57	CESCE (Spain)	Lead	Guatemala	Solar Panels	\$8,687,418
58	SACE (Italy)	Follow	Brazil	Helicopters	\$2,511,273
				Total	\$557,646,251

Source: EXIM

Renewable-Energy Exports/ **Environmental Policy**

Background

Since 1992, EXIM's Charter has mandated that EXIM promote and increase the Bank's support for environmentally beneficial U.S. exports, including renewable energy exports.¹¹¹ In EXIM's December 2019 reauthorization, Congress expanded this mandate to also include energy efficiency (including battery electric vehicles, batteries for electric vehicles, and electric vehicle charging infrastructure) and energy-storage exports, and set a goal for the Bank to make available not less than 5 percent of its total financing authority each fiscal year for the financing of renewable-energy, energy-efficiency, and energystorage technology exports. EXIM is making it a high priority to substantially increase its annual financing for these exports and aims to expand and diversify its portfolio, including identifying ways to significantly increase support for environmentally beneficial, renewable energy, energy efficiency, and energy storage exports from the United States.

Section 8A(a)(5) of EXIM's Charter requires that this report contain a description of the activities of the Bank with respect to promoting and financing these exports, which follows.112

EXIM Activity in 2021

Although this report covers MLT activity in calendar year 2021, Section 8A(a)(5) of EXIM's Charter refers to reporting total renewable energy authorizations on a fiscal year (FY) basis in this report. 113 In FY2021, EXIM authorized \$11.7 million to support \$9.7 million of U.S. exports related to renewable energy. This almost \$12 million in authorizations was a notable decrease of more than half from FY2020 volumes, as shown in Figure 19.

EXIM has authorized support for a range of renewable-energy exports, but in terms of major renewable-energy projects, some U.S. exporters in the sector have shared that their focus on supplying the North American market, EXIM's lack of board quorum over a number of years, and other specific competitiveness issues, such as EXIM not having implemented the OECD's changes to the Arrangement's local cost and cash payment rules, have hampered EXIM's efforts to grow its support for this business in recent years. EXIM is focused on increasing support for these exports to fulfill its Charter mandates, including the expanded mandate to promote and support energy storage and energy efficiency exports.

^{112 12} U.S.C. § 635g-1(a)(5)

^{113 12} U.S.C. § 635g-1(a)(5)

Millions (USD) 250 200 150 100 50 2018 2019 2014 2015 2016 2017 2020 2021

Figure 19: EXIM's Total Renewable Energy Authorizations by Fiscal Year

Source: EXIM

Export Promotion

Although EXIM support is demand-driven, the Bank has long sought to increase the probability that foreign buyers would seek EXIM financing over that of foreign ECAs, boosting the chances that they source from U.S. exporters and that overseas renewableenergy projects support U.S. jobs.

EXIM has continued to maintain and expand relationships with existing U.S. exporters of renewable-energy technologies customers, such as U.S. solar- and wind-energy- manufacturers, and has expanded its outreach to U.S. manufacturers of energy-efficiency and energy-storage exports. Staff has promoted EXIM financing, including through the following examples of EXIM's activities, led by its renewable-energy business development staff. Specifically, EXIM has engaged with prospective U.S. exporters, financial institutions, U.S. Government counterparts, and other partners as follows:

EXIM worked closely with the Departments of State and Commerce, and particularly through the USG Deal Teams efforts and discussions with teams at posts globally, to share information on EXIM's capabilities for supporting U.S. clean energy exports.

As an official partner of USTDA's Partnership for Climate Smart Infrastructure, EXIM staff joined USTDA and other partners on panels and in webinars with industry groups that included the Institute for Clean Air Companies, the Intelligent Transportation Society of America, and the National Association of Electrical Manufacturers.

Moreover, EXIM staff held hundreds of calls and meetings with U.S. clean energy exporters, financial institutions, U.S. Government counterparts, and other partners regarding potential projects that could benefit from EXIM support and building up EXIM's clean energy pipeline.

Foreign Competition

In terms of activity, official data on OECD countries' export credit support for renewable-energy exports was unavailable at the time of publication, and therefore it is not possible to draw conclusions or assess trends across ECAs and over time.

Based on preliminary data, Sweden significantly expanded its renewable energy support in 2021. This volume increase was driven by seven solar projects in Angola and the Dogger Bank wind project in the

UK.114 Sweden's export credit agency (EKN) also launched a new credit guarantee program to support green exports and green transition projects. 115 The Green Guarantee will provide 80% cover for general working capital loans and project-specific loans. Denmark continued to provide high levels of support for renewable energy projects in 2021. Wind projects in Taiwan drove this volume in 2021.¹¹⁶ In addition to its official export credit support, Denmark's export credit agency (EKF) participated in a EUR 500 million guarantee facility with Siemens Gamesa, a domestic manufacturer of wind turbines.¹¹⁷ This facility will streamline the manufacturers bonding process and expedite product deliveries.

Based on preliminary data, Germany and the UK also provided high levels of renewable energy support in 2021. Wind projects continue to account for the majority of renewable energy transactions, although the solar sub-sector did receive significantly more support in 2021. Large solar projects by Sweden and the United Kingdom drove this increase.

In terms of non-OECD support, Chinese and Indian ECAs were active in the renewable energy sector in 2021. China's official export credit support for renewables continued to focus on hydropower and solar projects predominantly in Africa, including \$277 million support for a solar cell production plant in Nigeria. India EXIM's line of credit business continued to catalyze export development in the renewable space. In 2021, India EXIM supported a 460 MW solar engineering, procurement, and construction (EPC) contract in Queensland, Australia.118

Despite continued disruption from the pandemic, foreign ECAs continued to provide significant support in the renewable energy sector in 2021. This level of support far exceeded EXIM's activity in this space.

¹¹⁴ EKN Annual Report 2021, https://www.ekn.se/globalassets/dokument/rapporter/arsredovisningar/en/ekn_annual_report_2021.pdf/

^{115 &}quot;EKN Launches Green Guarantee to Promote Climate Investments," September 15, 2021, https://www.ekn.se/en/about-ekn/newsroom/ archive/2021/press-releases/green-guarantee/.

¹¹⁶ EKF Annual Report 2021, https://ekf.dk/media/vltmxn2p/ekf-annual-report-2021-final.pdf?v=637910710818879189.

^{117 &}quot;EKF and Danske Bank Sign Guarantee Facility Worth EUR 500 Million with Siemens Gamesa," August 26, 2021, https://ekf.dk/en/about-ekf/ekf-sorganisation/news/2021/ekf-and-danske-bank-sign-guarantee-facility-worth-eur-500-million-with-siemens-gamesa.

¹¹⁸ India EXIM Bank Annual Report 2020-21, https://www.eximbankindia.in/investor-relations.

Services Exports

According to Section 8A(a)(8) of EXIM's Charter, EXIM must report on the participation of the agency in providing financing for services exports. EXIM supports U.S. services exports through all of its programs.119

EXIM authorized \$726 million in support of services exports in 2021, an increase from the \$298 million supported in 2020. For services exports, EXIM authorized \$653 million in eight LT transactions, \$32 million in four MT transactions for services exports, and \$41 million in 70 ST transactions.

Associated services are services that are included with the sale of a good(s). In 2021, associated services only made-up 14.8 percent of the EXIM's services authorizations volume. Standalone services made up 85.2 percent of the authorizations. Therefore, the majority of all the services transactions supported standalone services where the services were the primary export. Nearly half of the short-term services transactions, however, were supporting associated services as part of larger projects or capital goods contracts.

Top service sectors that received EXIM support in 2021 included transportation (\$597 million), oil and gas and mining (\$71 million), engineering and consulting (\$29 million), construction (\$11 million), and IT and telecommunications (\$9 million).

During 2021, based on currently available information, the top three services exports supported by OECD ECAs in 2021 were transportation, construction, and engineering and consulting. However, since services can be embedded within contracts that primarily involve goods, EXIM does not have clear visibility into all of the services supported by OECD ECAs. With that caveat, the best available information indicates that in 2021, France, Italy, and Sweden were the top three finance providers for contracts that included a services component. There were 18 OECD countries that financed over \$13 billion in contracts that included a services component, a slight increase from the 19 OECD countries that financed over \$11 billion in 2020.

Size of EXIM Program Account

Section 8A(a)(6) requires that EXIM report on its program account and compare it to that of the size of the program accounts of the other major exportfinancing facilities.120

When expected cash disbursements exceed expected cash receipts, there is an expected net outflow of funds, resulting in a cost to the Bank. This cost is sometimes referred to as subsidy or program cost. EXIM Bank is required to estimate this cost annually and to seek budget authority from Congress to cover that cost. New loans and guarantees with a program cost cannot be committed unless sufficient program budget authority is available to cover the calculated credit cost.

Information on the program accounts of other countries' major export-financing programs is unavailable. As such, EXIM does not have any recommendations with respect to the relative size of the Bank program account, based on factors including whether the size differences are in the best interests of the U.S. taxpayer.

However, given EXIM's new mandate to establish a program to provide "fully competitive" financing that "directly neutralize[s] export subsidies" by China, EXIM is evaluating its resources as it works to establish this new program.

Export Finance Cases Not in Compliance with the Arrangement

Section 8A(a)(9) requires EXIM to provide detailed information on cases reported to EXIM of export financing that appear not to comply with the Arrangement or that appear to exploit loopholes in the Arrangement for the purpose of obtaining a commercial competitive advantage.¹²¹

EXIM was not aware of any official export credit financing provided in 2021 that was not in compliance with the Arrangement or that exploited "loopholes" in the Arrangement.

Activities Not Consistent with the WTO Agreement on Subsidies and Countervailing Measures

Section 8A(a)(10) requires EXIM to provide a description of the extent to which the activities of foreign export credit agencies and other entities sponsored by a foreign government, particularly those that are not members of the Arrangement appear not to comply with the Arrangement and appear to be inconsistent with the terms of the Agreement on Subsidies and Countervailing Measures (ASCM) of the World Trade Organization (WTO), and a description of the actions taken by the U.S. government to address the activities.122

The Office of the United States Trade Representative (USTR) leads negotiations for the U.S. government at the WTO and EXIM defers to USTR on any determination regarding compliance with WTO agreements. EXIM is not aware of any U.S. government determination regarding non-compliance with the ASCM.

U.S.-Flag Shipping Requirement¹²³

Government and commercial demand for U.S.flag cargo transportation is essential to sustain the vessels and jobs in the U.S.-flag fleet. Public Resolution 17 (PR-17), enacted March 26, 1934 and reaffirmed in Public Law (PL) 109-304, 124 expresses the sense of Congress that ocean-borne exports financed by instrumentalities of the U.S. Government shall be transported on U.S.-flag vessels. Shipping on U.S.-flag vessels is required for U.S. ocean-borne exports supported by (1) EXIM loans (of any size); (2) guaranteed transactions that are over \$20 million (excluding the exposure fee); or (3) transactions that have a greater than seven-year repayment term (unless the export qualifies for a longer repayment term under EXIM's special initiatives such as support for transportation security or environmentallybeneficial exports).125 This U.S.-flag shipping requirement generates revenue for U.S.-flag carriers and experience for crews to help sustain an effective merchant marine able to maintain the flow of waterborne domestic and foreign commerce during wartime or national emergency.

EXIM was unable to authorize transactions greater than \$10 million for nearly four years from July 2015 until May 2019. 126 As a result, there was one

transaction authorized during that time period that was subject to PR-17 to support exports to Mozambique. Due to civil unrest, there has been a pause in completing the Mozambique LNG project.127 In 2020, EXIM's Board authorized a transaction subject to PR-17 to Senegal. The transaction for Senegal is in the stage for finalization, with shipments expected to commence shortly thereafter. In 2021, EXIM amended the authorization, which resulted in an incremental increase of \$7.9 million in potential U.S. exports to the \$66.4 million in export value stemming from the initial \$91.5 million authorization in 2020.¹²⁸

It often takes time before shipments begin under large transactions, and shipments generally occur over several years. Unfortunately, due to the partial hiatus in EXIM's operations from mid-2015 to mid-2019, the time it takes to finalize commitments under authorized transactions, and project delays, total EXIM-supported cargo generated only \$2.6 million for U.S.-flag vessels in 2021, resulting from several small shipments, all moved in support of the Mozambique project. Comparatively, in 2014 when EXIM was fully operational, U.S.-flag vessels earned approximately \$35.4 million.129

¹²³ Guidance on U.S.-flag shipping related to certain EXIM-supported shipments can be found at: https://cms.marad.dot.gov/sites/marad.dot.gov/ files/docs/ports/cargo-preference/civilian-agencies/12496/mar620maradusflagshippingguidancefinal20200421.pdf. Questions can be directed to: Cargo.MARAD@dot.gov.

^{124 46} U.S.C. 55304. Note: Public Law No.109-304 enacted October 6, 2006 combined and updated U.S. shipping code into one document.

¹²⁵ When PR-17 was enacted, EXIM Bank only offered direct loans. Subsequently, EXIM and MARAD subsequently agreed that PR-17 would apply to EXIM-guaranteed transactions that were equivalent to direct loans. A 2004 Memorandum of Understanding (MOU) signed by EXIM Bank and MARAD set the threshold for applying PR-17 to financial guarantees at a value exceeding \$20 million and a repayment term exceeding 7 years. This MOU remains in force to date.

¹²⁶ EXIM's Charter expired June 30, 2015, but Congress reauthorized EXM in December 2015. Reauthorization allowed EXIM to approve transactions up to \$10 million, the limit on staff-level delegated authority. Following the Senate's confirmation of a quorum of Board members in May 2019, EXIM fully resumed operations. Subsequently, Congress reauthorized EXIM's Charter in December 2019 for 7 years.

¹²⁷ https://www.exim.gov/news/exim-statement-mozambique-lng-project

¹²⁸ The export value excludes exposure fee and local costs.

^{129 \$35.4} million was earned by U.S.-flag carriers in 2014.

Trade Promotion Coordinating Committee

Section 8A(a)(2) of Ex-Im Bank's Charter requires EXIM to report on its role in the Trade Promotion Coordinating Committee (TPCC), an interagency group mandated by Congress to provide a unifying framework to coordinate export promotion and export financing activities of the U.S. Government and U.S. states, as well as to develop a comprehensive plan for implementing strategic priorities.¹³⁰ The TPCC serves as the coordinating body designed to ensure that U.S. federal trade agencies act together and in coordination to establish priorities, coordinate new programs and initiatives, improve customer service, and leverage resources and eliminate duplication.

The goal of the TPCC is to drive equitable local and regional growth by expanding the number and diversity of U.S. companies that export. TPCC agencies achieve this by providing actionable information, training, and counseling to U.S. businesses, especially small and medium-sized businesses, to begin exporting or expand international sales. EXIM is primarily involved with the TPCC's priorities related to the following areas:

- 1. Expanding access to export financing by educating more financial institutions and corporations about U.S. Government financing options and streamlining access;
- 2. Supporting state and local entities seeking to expand regional exports;
- 3. Connecting exporters and potential foreign buyers by providing tailored assistance and information,
- 4. Providing support to U.S. companies already pursuing international deals and identifying export opportunities for them.

In 2021, EXIM continued to focus on outreach and education. Despite the ongoing pandemic, EXIM had a highly successful year generating connections with small businesses, including minority- and

women-owned businesses. EXIM staff from the Office of Small Business at headquarters and the regional offices located across the country participated in over 650 outreach events (in-person and virtual) and capitalized on digital innovations that were put in place in recent years. In 2021, 211 policy authorizations originated from digital outreach, and the foundation has been set for more authorizations in the future. EXIM reached 1.7 million email inboxes during the year and received over 25,000 form submissions by prospects requesting information on EXIM. We are especially pleased that our efforts generated over 16,000 "new to EXIM" leads. Importantly, EXIM is deepening our already strong working relationship with the Department of Commerce. To that end, EXIM staff began work in 2021 to formally establish a new Commerce Accounts Channel to increase collaboration, by providing training to new trade specialists, conducting joint counseling for exporters, and working together to reach minority, women, and underserved communities. In addition, the increased collaboration will extend to the District Export Councils (DEC), local advisory groups whose members are invited to serve by the Secretary of Commerce. The Commerce Accounts Channel will give EXIM direct access to the DECs and the ability to work with them to remedy the financing need small businesses might have in their export endeavors.

In addition to this focus on outreach, EXIM launched in January 2021 an electronic portal called the EXIM Loan Management System (ELMS) for the Working Capital Guarantee Program (WCGP), which is primarily used by small businesses as a source of pre-export finance. Delegated Authority (DA) Lenders use ELMS to electronically submit loan application packages, amendments, and waivers. Internal and external stakeholder feedback to ELMS has been positive, as the system has allowed EXIM to achieve greater efficiency in loan processing, which benefits

130 12 U.S.C. § 635g-1(a)(2)

both lenders and small business borrowers and is driving growth in small business authorizations as mandated by EXIM's reauthorization. During 2021, EXIM added two new DA lenders: Beach Bank, headquartered in Fort Walton Beach, Florida, and ServisFirst Bank, headquartered in Birmingham, Alabama. These additional DA lenders will help broaden the reach of the WCGP, a valuable source of liquidity for small business exporters. ServisFirst Bank is the first delegated lender serving Alabama that is headquartered in the state. Additionally, East West Bank, headquartered in Pasadena, California, was approved for an increased level of delegated authority, which expands its ability to respond to customers' requests for support under EXIM's WCGP.

EXIM's in-person quarterly training programs at Washington, D.C. headquarters for insurance brokers, delegated lenders, and others was suspended in 2020. Fortuitously, before the suspension, EXIM had begun working with a professional communications company to develop an on-line training course. This project was undertaken so that participants would have an alternative that would not require incurring the expense of travel and lodging in D.C. and days away from their businesses to obtain comprehensive training. Insurance brokers, who require the certification the training provides, are using the online module. Licensed insurance brokers have become a key distribution channel for EXIM insurance, particularly for small- and medium-sized exporters. As a result of EXIM's efforts to build this strong distribution network, licensed insurance brokers generated most of the export credit insurance policies in 2021. A Broker Advisory Council was established in late 2020, and during 2021, EXIM held four webinars, prepared quarterly newsletters, and sent regular (at least bi-monthly) communications to all brokers. EXIM now has 84 registered insurance brokers in its distribution channel who can provide EXIM customers with experienced professional advice to enable the exporters to get the most out of EXIM's insurance.

EXIM held its second virtual annual conference last year, which attracted some 1,300 participants. The conference, Building Back Together, connected U.S. exporters, financial institutions, insurance brokers, city and state entities that promote regional exports, foreign buyers, and others. Strengthening

American supply chains was an important topic of discussion, and the conference provided a forum for EXIM and others to explain how a "whole of government approach" provides synergies to advance the interests of U.S. exporters. TPCC members participated in discussions and further contributed to the event's success by staffing Exhibitor booths and being readily available throughout the conference to engage with attendees regarding programs, resources, and opportunities for U.S. export sales. The conference format included breakout sessions to better address participants' particular interests. Small businesses got an opportunity to hear from others about the benefits of exporting and how to develop an export strategy for their business. In addition to a small business track, the conference offered a climate track that covered exporting sustainability and climate technologies and a China competition track that discussed the U.S.-China rivalry for export markets. The conference also provided an opportunity for EXIM to continue to foster strong ties with financial institutions across the African continent. Key officials of Afreximbank, United Bank for Africa, and Nedbank were prominent speakers, addressing the African trade ecosystem and financing. The Africa Center discussed ways to improve outreach and increase opportunities with the African diaspora in the United States.

Beyond the annual conference events, EXIM actively worked throughout the year in consultation with the TPCC to deepening U.S. exporters' presence with African buyers, which is a high priority for EXIM. Although the COVID pandemic dulled progress, EXIM nevertheless authorized two long-term and three medium-term transactions aggregating approximately \$22 million. The two long-term authorizations represented new requests further increasing U.S. exports for a major rural electrification project in Senegal that EXIM authorized in late 2020. The three medium-term authorizations supported Cameroon's water authority, a cotton ginning plant in Cote d'Ivoire, and helicopter transport in Kenya. Additionally, shipments exceeding \$46 million under EXIM's short-term insurance program delivered a diverse range of U.S. products to buyers in 30 African countries, establishing a good foundation for future sales to the continent.

Build Back Together was EXIM's annual conference theme, but also signifies how EXIM is working collaboratively through the TPCC and bilaterally to support U.S. exports and jobs. The Deal Team Initiative established under the auspices of the Departments of State and Commerce with U.S. embassies remained central to promoting U.S. exports to foreign markets and maximizing success through a whole-of-government approach. EXIM participated in Deal Team-arranged "call-ins" to provide training on EXIM programs and policies to embassy staff worldwide, and EXIM consulted oneon-one with individual posts to address issues or requests for EXIM to present to a particular buyer or market sector. This concerted effort extended beyond supporting the Deal Teams. EXIM actively participated in the monthly phone calls of the TPCC's Renewable Energy and Energy Efficiency Inter-Agency team that ensured all team members remained current on important developments and opportunities. EXIM also provided briefings to the Department of Commerce's Global Environmental Technologies Team on EXIM's content policy and to the new private-sector members of the Department of Commerce Environmental Technologies Trade and Advisory Committee. As always, EXIM continued its consultations with individual exporters, banks, and

buyers on specific transactions, but participation in TPCC -sponsored events gave EXIM opportunities to share information industry wide. Of note, EXIM participated on a panel at the Global Partnership for Climate-Smart Infrastructure & USG Tools to Support U.S. Companies Overseas Webinar, jointly sponsored by USTDA and the National Association of Electrical Manufacturers and in a similar webinar that USTDA held in partnership with the Intelligent Transportation Society for its member organizations. EXIM was also represented on a panel discussing U.S. Government resources during a webinar organized by the Institute for Clean Air Companies and USTDA under the Partnership for Climate Smart Infrastructure and at several other events, such as the Southeast Asia Smart Cities: Infrastructure and Transportation Opportunities Conference hosted by the Department of Commerce and Business Council for International Understanding as well as a U.S. Government and Industry "Solar Manufacturing Roundtable" organized by the Department of Commerce. EXIM's participation in TPCC members' virtual meetings and the web-based format for conferences that members hosted allowed EXIM officials a global reach to train USG officials and brief private sector exporters, foreign buyers, and others.

List of Known Official Export Credit **Providers**

No.	Country	Name	Acronym
1	Algeria	Compagnie Algerienne D'Assurance et de Garantie des Exportations	EDBI
2	Armenia	Export Insurance Agency of Armenia	EIAA
3	Argentina	Banco de Inversion y Comercio Exterior	BICE
4	Australia	Export Finance Australia	EFA
5	Austria	Oesterreichische Kontrollbank AG	OekB
6	Austria	Austria Wirtschaftsservice	AWS
7	Bahrain	Export Bahrain	Export Bahrain
8	Bangladesh	Sadharan Bima Corporation	SBCE
9	Barbados	Central Bank of Barbados: Export Credit Insurance Scheme	N/A
10	Belarus	EXIMGARANT of Belarus	EXIMGARANT
11	Belgium	Credendo Group	Credendo Group
12	Belgium	The Brussels Guarantee Fund (Fonds Bruxellois de Garantie)	FBG
13	Bosnia and Herzegovina	Export Credit Agency of Bosnia and Herzegovina	IGA
14	Botswana	Export Credit Insurance & Guarantee Company	BECI
15	Brazil	Brazilian Development Bank	BNDES
16	Bulgaria	Bulgarian Export Insurance Agency	BAEZ
17	Cameroon	Fonds d'Aide et de Garantie des Credits aux Petites et Moyennes Enterprises	FOGAPME
18	Canada	Export Development Canada	EDC
19		La Corporación de Fomento de la Producción	CORFO
20	Chile		
	China	Export-Import Bank of China China Franch and Could's Insurance Councides	China EXIM
21	China	China Export and Credit Insurance Corporation	Sinosure
22	China - Hong Kong	Hong Kong Export Credit Corporation	HKEC/ECIC
23	Colombia	Banco de Comercio Exterior de Colombia	Bancoldex
24	Colombia	Fondo Nacional de Garantias S.A.	FNG
25	Croatia	Croatian Bank for Reconstruction and Development	HBOR
26	Czech Republic	Ceská exportní banka, a.s.	CEB
27	Czech Republic	Export Guarantee and Insurance Corporation	EGAP
28	Dominican Republic	National Bank for Exports	BANDEX
29	Denmark	Eksport Kredit Fonden	EKF
30	Ecuador	Corporacion Financiera Nacional Fondo de Promocion de Exportaciones	CFN
31	Egypt	Export Credit Guarantee Company of Egypt	EGE
32	Estonia	Kredex Krediidikindlustus	KredEx
33	Ethiopia	Development Bank of Ethiopia, Export Credit Guarantee and Special Fund Administration Bureau	DBE
34	Finland	Finnvera	Finnvera
35	Finland	Finnish Export Credit Ltd.	FEC
36	France	BPIFrance Assurance Export	BPIFrance
37	France	Societe de Financement Local	SFIL
38	Germany	Export Credit Guarantee Scheme of the Federal Republic of Germany (Hermes Cover)	Euler Hermes
39	Germany	KfW IPEX Bank	KfW
40	Ghana	Eximbank of Ghana	Ghana EXIM
41	Greece	Export Credit Insurance Organisation	ECIO
42	Hungary	Hungarian Export Credit Insurance Ltd	MEHIB
43	Hungary	Hungarian Export-Import Bank Plc.	EXIM Hungary
44	India	Export Credit Guarantee Corporation of India	ECGC
45	India	Export-Import Bank of India	I-Eximbank

46 Indonesia Indonesian Eximbank 47 Indonesia PT. Asuransi Asei Indonesia (Asuransi Asei) 48 Iran Export Development Bank of Iran 49 Iran Export Guarantee Fund of Iran 50 Israel The Israel Foreign Trade Risks Insurance Corporation	LPEI ASEI EDBI
48 Iran Export Development Bank of Iran 49 Iran Export Guarantee Fund of Iran 50 Israel The Israel Foreign Trade Risks Insurance Corporation	
49 Iran Export Guarantee Fund of Iran 50 Israel The Israel Foreign Trade Risks Insurance Corporation	EDBI
50 Israel The Israel Foreign Trade Risks Insurance Corporation	
	EGFI
51 Italy Sanga Assisurativi dal Commorcio Estaro S. s. A.	ASHRA
51 Italy Servizi Assicurativi del Commercio Estero S.p.A.	SACE
52 Italy Cassa Depositi e Prestiti	CDP
53 Jamaica National Export Import Bank of Jamaica	EXIM Bank J
54 Japan Japan Bank for International Cooperation	JBIC
55 Japan Nippon Export and Investment Insurance	NEXI
56 Jordan Jordan Loan Guarantee Cooperation	JLGC
57 Kazakhstan Kazakh Export Credit Insurance Corporation	KazExportGarant
58 Latvia SIA Latvijas Garantiju aģentūra (Latvian Guarantee Agency Ltd)	LGA ALTUM
59 Lithuania Investiciju ir Verslo Garantijos	INVEGA
60 Luxembourg Luxembourg Export Credit Agency	ODL
61 Malaysia Export-Import Bank of Malaysia Berhad	MEXIM
62 Mexico Banco Nacional de Comercio Exterior, SNC	Bancomext
63 Morocco Caisse Centrale de Garantie	ССС
64 Namibia Development Bank of Namibia	DBN
65 Netherlands Atradius Dutch State Business	Atradius
66 Netherlands Netherlands Enterprise Agency	NEA
67 New Zealand New Zealand Export Credit Office	NZECO
68 Nigeria Nigerian Export-Import Bank	NEXIM
69 North Macedonia Development Bank of North Macedonia	DBNM
70 Norway Export Credit Norway	Eksfin
71 Oman Export Credit Guarantee Agency of Oman (S.A.O.C)	ECGA Oman
72 Peru Corporacion Financiera de Desarrollo	COFIDE
73 Philippines Philippine Export-Import Credit Agency	PhilEXIM
74 Poland Korporacja Ubezpieczén Kredytów Eksportowych	KUKE
75 Poland Bank Gospodarstwa Krajowego	BGK
76 Portugal Companhia de Seguro de Créditos	COSEC
77 Qatar TASDEER (managed by the Qatar Development Bank)	TASDEER/QDB
78 Republic of Korea Export-Import Bank of Korea	KEXIM
79 Republic of Korea Korea Trade Insurance Corporation	K-SURE
80 Romania Eximbank of Romania	EXIM R
81 Russia Export Insurance Agency of Russia	EXIAR
82 Russia Export Import Bank of Russia	Russia EXIM
83 Russia Bank for Development and Foreign Economic Affairs (Vnesheconombank)	VEB
84 Saudi Arabia Saudi Export Program	SEP
85 Saudi Arabia Saudi Export-Import Bank	Saudi EXIM
86 Senegal Société Nationale d'Assurances du Crédit et du Cautionnement	SONAC
87 Serbia Serbian Export Credit and Insurance Agency	AOFI
88 Singapore Entireprise Singapore	ES
89 Slovakia Export-Import Bank of the Slovak Republic	EXIMBANKA SR
90 Slovenia Slovenska izvozna in razvojna banka	SID
91 South Africa Export Credit Insurance Corporation SOC LTD	ECIC SA
92 Spain Compañía Española de Seguros de Crédito a la Exportación (CESCE)	CESCE
93 Spain Fondo para la Internationalización de la Empresa	FIEM
94 Sri Lanka Sri Lanka Export Credit Insurance Corporation	SLECIC
95 Sudan National Agency for Insurance and Finance of Export	NAIFE

No.	Country	Name	Acronym
96	Swaziland	Central Bank of Swaziland: Export Credit Guarantee Scheme	N/A
97	Sweden	Exportkreditnämnden	EKN
98	Sweden	Svensk Exportkredit	SEK
99	Switzerland	Swiss Export Risk Insurance	SERV
100	Taiwan	Export-Import Bank of the Republic of China	TEBC
101	Tanzania	Export Credit Guarantee Scheme	ECGS
102	Thailand	Export-Import Bank of Thailand	Thai EXIMBANK
103	Trinidad and Tobago	Export-Import Bank of Trinidad & Tobago	Eximbank TT
104	Tunisia	Compagnie Tunisienne pour l'Assurance du Commerce Exteriueur	COTUNACE
105	Turkey	Export Credit Bank of Turkey	Türk Exim
106	U.A.E	Etihad Credit Insurance	ECI
107	U.A.E	Export Credit Insurance Company of the Emirates	ECIE
108	Ukraine	Joint Stock Company The State Export-Import Bank of Ukraine	Ukreximbank
109	United Kingdom	Export Credits Guarantee Department (ECGD) a/k/a UK Export Finance	UKEF
110	United States	The Export Import Bank of the U.S.	EXIM
111	Uruguay	Banco de Seguros del Estado	BSE
112	Uzbekistan	Uzbekinvest National Export-Import Insurance Company	Uzbekinvest
113	Vietnam	The Vietnam Development Bank	VDB
114	Zambia	Development Bank of Zambia	DBZ
115	Zimbabwe	Export Credit Guarantee Company of Zimbabwe	ECGC Z

Glossary

Associated Service: A service export that is related to the export of a good (e.g., transportation/logistical services related to the export of construction equipment).

Authorization: The approval of a transaction.

Blended Finance: This term has multiple definitions, ranging from any public-private financing arrangement to financing from multiple public sector entities (national, regional, multinational). In this report, we use blended finance to refer to financing that comes from multiple offices/departments within one national government that allow for the blending of concessional financing and export credit financing in a total financing offer.

Concessional Financing: Financing that is extended on terms that result in a negative net present value relative to an applied discount rate. The concessionality is achieved through interest rates below a reference discount rate, extended repayment terms, grace periods, or a combination of these.

Credit: An agreement by which one party is permitted to defer repayment of a financial obligation to another party over time (thus creating a debt obligation).

Development Finance: Development finance, provided by bilateral development finance institutions (DFIs), encourages private sector entities to do business in foreign developing markets for developmental purposes.

Direct Lending: Financing provided directly by an ECA to a borrower (in contrast to pure cover).

Domestic Content: The value of the export(s) under an export contract that were produced in the ECA's country.

Export Credit: A financial instrument which allows the buyer of a cross-border good or service to defer payment of that good or service through the creation of a debt obligation.

Export Credit Agency (ECA): An agency of or on behalf of a creditor country that provides export credit

(or export credit cover), in the form of insurance, guarantees, loans, or interest-rate support, for the export of goods and services.

Foreign Content: Any value of export(s) in an export contract (including both for goods or services) which is produced within any country other than the either the ECA's or the foreign buyer's country.

Investment Support: Insurance or guarantee that indemnifies an equity investor or a bank financing the equity investment for losses incurred to a cross-border investment as a result of political risks. Insurance or guarantee that indemnifies the counterparty to a cross-border debt obligation for losses incurred by nonpayment by the debt obligor. The debt obligation is provided without any requirement that the capital be used to finance an export or international trade.

Long-term Finance: Export-financing transactions with repayment terms greater than seven years or for amounts greater than \$10 million.

Market Window: Official export financing that is commercially priced by setting all financing terms to market terms and conditions. This type of export finance falls outside the OECD Arrangement.

Medium-term Finance: Export-financing transactions with repayment terms of up to seven years and for amounts up to \$10 million.

Non-OECD Export Credit Agencies: ECAs that are not Participants to the OECD Arrangement on Officially Supported Export Credits.

OECD Arrangement: An agreement that establishes transparency provisions and guidelines governing the financing terms and conditions of export credits provided by participating ECAs.

OECD Common Line: An exceptional agreement of the Participants to apply alternative terms and conditions - rather than those in the OECD Arrangement - for a specific transaction or multiple transactions with certain characteristics.

OECD Notification: Part of the transparency provisions under the OECD Arrangement that requires participants to inform the OECD Secretariat and other Participants of an offer under the OECD Arrangement.

Offer: ECA support extended in relation to an export contract prior to commitment, which may not materialize into a transaction.

Official Trade-related Finance: Government-backed MLT financing of trade between nations that is generally provided for purposes other than promoting exports and does not formally require a minimum amount of exports from a certain country. 131 Similar to export credits, trade-related finance can take the form of loans, guarantees, or insurance, among other products.

Premia (also known as exposure fee): The amounts an ECA charges to cover the liabilities associated with expected losses (i.e., claims) resulting from the risk of nonpayment. It is a form of compensation for taking risk above risk-free investments such as government bonds.

Project Finance: The financing of an asset (or "project") based on a non-recourse or limitedrecourse financial structure whereby the lender relies on the underlying cash flows being generated by the asset as the source of repayment for the loan.

Pure Cover: Official support provided for an export credit in the form of guarantee or insurance only.

Short-term Finance: Export financing with a repayment term less than two years. The OECD Arrangement rules do not apply to transactions with a repayment term of less than two years.

Special Drawing Right (SDR): The SDR is an international reserve asset created by the IMF in 1969 to supplement its member countries' official reserves. SDRs can be exchanged for freely usable currencies. The value of the SDR is based on a basket of five major currencies: the U.S. dollar, the euro, the Chinese renminbi, the Japanese yen, and the British pound sterling.

Stand-alone Service: A service export that is an export in and of itself (e.g., architectural or design services).

Structured Finance: The financing of a project that relies on the underlying project's revenues to ensure against the risk of nonpayment but is not the sole source of repayment. The lender typically has recourse to the borrower in the case of nonpayment.

Tenor: The term or length of time from initial loan repayment to maturity.

Tied Aid: Aid which is in effect (in law or in fact) tied to the procurement of goods and/or services from the donor country and/or a restricted number of countries, including loans, grants, or associated financing packages with a concessionality level greater than zero percent.

Tied Export Support: Financing support for which the offer of support is predicated on the condition of procurement from one country or a limited number of countries.

Transaction: Confirmed ECA support for an export credit signified by issuing a final commitment.

Untied Aid: Financing with a concessionality level greater than zero of which the proceeds can be used freely to procure goods or services from any country.

Untied Export Support: Official export financing on non-concessional terms for which the offer of support is not predicated on the condition of procurement restrictions but is provided to support "national interests" and thus may or may not result in direct export support from the providers' country. This type of finance falls outside of the scope of the OECD Arrangement.

¹³¹ Trade-related finance is not to be confused with trade finance, which typically refers to short-term financing.

Acronyms and Abbreviations

ASCM	WTO Agreement on Subsidies and	GFC	Global Financial Crisis
	Countervailing Measures	IMF	International Monetary Fund
ASU	Aircraft Sector Understanding	IWG	International Working Group on Export
B3W	"Build Back Better" World		Credits
BRICS	Brazil, Russia, India, China, and South Africa	LNG	Liquified natural gas
COP26	26th Conference of the Parties; refers to	LT	Long-term
COP26	the 2021 United Nations Climate Change Conference	MARAD	U.S. Department of Transportation's U.S. Maritime Administration
COVID-19	Coronavirus (2019); also known as SARS-	MLT	Medium- and Long-term
	CoV-2 (severe acute respiratory syndrome	MOU	Memorandum of Understanding
	coronavirus 2)	MT	Medium-term
CTEP	China and Transformational Export Program	0&M	Operation and Maintenance
DOC	Department of Commerce	OCEA	U.S. Air Force Office of Commercial and Economic Analysis
DFC	U.S. International Development Finance Corporation	OECD	Organisation for Economic Co-operation and Development
DFI	Development Finance Institution	OIG	EXIM Office of Inspector General
E3F	Export Finance for Future	OIL	Overseas Investment Loan (JBIC product)
ECA	Export Credit Agency	PR-17	Public Resolution 17
EDFI	Association of European Development Finance Institutions	R&D	Research and Development
EDG	Export Development Guarantee (UKEF	REPP	Regional Export Promotion Program
	product)	RFP	Request for proposal
EPC	Engineering, Procurement, and	SBA	Small Business Administration
	Construction	SDR	Special Drawing Rights
ESG	Environmental, Social, and Governance	SME	Small and Medium-Sized Enterprises
G2G	Government to government	SOE	State-owned Enterprise
G7	Group of Seven Countries (Canada,	ST	Short-term
	France, Germany, Italy, Japan, the United Kingdom, and the United States)	TPCC	Trade Promotion Coordinating Committee
G12	Group of Twelve Countries (Brazil, Canada,	USTR	United States Trade Representative
	China, France, Germany, India, Italy, Japan,	WCGP	Working Capital Guarantee Program
	Korea, Russia, the United Kingdom, and the United States)	WTO	World Trade Organization





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